

Response to Productivity Commission’s “New models of tertiary education” – Peter Hodder¹

1.0 Response to recommendations

Productivity Commission’s Recommendation	Respondent’s comments and overall assessment*	
<p>R12.1: Regulatory and purchasing functions in tertiary education appear to be a poor match to government agencies. In implementing this inquiry’s recommendations, government should take the opportunity to design agency forms that provide clarity of function and reduce conflicts of role. (p. 298)</p>		<p>I agree with the sentiment, but not the proposed solution. As mentioned in the Commission’s report, the present system is an evolved one which in endeavouring to attend to particular issues that have arisen at various times has created other – and sometimes unintended – anomalies and issues. Wholesale reform, as this recommendation proposes, seems unlikely to be accepted by Government; accordingly, I consider reform should be restricted to those parts of the system that are demonstrably outdated and inhibit innovation the most.</p>
<p>R12.2: NZQA and providers should use ex post tools that assess the actual quality of the tertiary education experience. Such tools can ensure compliance with minimum standards and verify promises made by providers. (p. 301)</p>		<p>In principle, I agree. Measures such as the results of student satisfaction surveys (sometimes masquerading as ‘feedback’), and TEC’s educational performance indicators are but proxies for quality of education. However, other approaches, including “ex post tools” are likely to involve more staff time, which some will argue is better spent on the actual business of teaching, academic support for learners, and research. For this reason, I support – albeit with some reluctance – the use of tools to ensure compliance with minimum standards</p>
<p>R12.3: The Ministry of Education should design a new quality control regime for tertiary education that encourages innovation, takes a risk-based approach, and enforces minimum standards of quality. (p. 301)</p>		<p>In principle, I agree (consistent with my response to Recommendation R12.2). I note that the intention here is that this should be a task of the Ministry of Education. I infer from the text that follows the recommendation that the Commission does not have confidence in TEC to develop such a regime (presumably based on its poorly conceived EPIs). However, NZQA’s recent experience with implementing an at least modestly successful outcome-based EER regime suggests that this agency could be tasked with this responsibility (see also our response to Recommendation R12.8)</p>
<p>R12.4: The Ministry of Education and the Tertiary Education Commission should prioritise analysis of the value-add of tertiary education, including at provider level and by ITO. It should identify what kinds of study, at what providers, result in the best outcomes for different groups of students – including comparisons between provider-based and ITO-arranged training. It should publish this information for use by students, parents, providers, ITOs and purchasing agencies.</p>		<p>I do not support this recommendation. As pointed out by the Commission’s own work, graduate outcomes are dependent on the location of the employment of the graduating students, whether or not employment is in a city/region where there are appropriate employment opportunities for the qualifications obtained. The locale of employment or the economic prosperity of that locale cannot be controlled by the provider, so there would need to be numerous caveats on any information that was published in order to ensure that the reputation of providers in Northland or Westland, for example were not discriminated against – so many as to make the information of little real value.</p> <p>Data relating to employability by qualifications are already available; perhaps a better approach would be to improve awareness of this information by potential students and graduates.</p>
<p>*Key: Recommendation supported Conditional support / reservations Recommendation not supported</p>		
<p><i>This table continues on following page</i></p>		

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<p>R12.5: The Tertiary Education Commission should change the way it measures completions so that provider performance is not penalised if a student transfers to continue learning at a different provider or moves into work.</p>		<p>I agree. In fact, TEC should improve all the Educational Performance Indicators to make them more meaningful and representative of reality</p>
<p>R12.6: Students should be able to mix and match courses from different providers. The funding and regulatory system should not penalise providers for participating in such arrangements</p>		<p>I agree, provided that the most important elements of the qualification are undertaken at the provider which awards the qualification. In universities' bachelor degrees, for example, that would mean that the compulsory 300-level or capstone courses required for the major would be expected to be undertaken at the provider awarding the qualification. Allied with this change, full credit for courses for courses that are transferred from one provider to another should be mandatory (see also R12.18).</p>
<p>R12.7: Government should discontinue Performance-Linked Funding</p>		<p>I agree.</p>
<p>R12.8: NZQA should be responsible for defining minimum performance thresholds and monitoring provider performance against those standards. Providers that fail to meet minimum performance thresholds should lose their licence to operate. The thresholds should be clear and any changes publicised well in advance.</p>		<p>I agree, and as mentioned in my response to Recommendation R12.3, NZQA seems the appropriate agency to do this, given its track record with External Evaluation and Reviews (EER). My agreement to this recommendation also has implications for CUAP and AQA (see Recommendation R12.12)</p>
<p>R12.9: The Ministry of Education should reform its approach to school-based career education so that school students, from an early age, develop the skills and knowledge to make effective decisions about their study options and career pathways.</p>		<p>From the evidence provided by the Commission, it appears that career guidance in schools is generally (although not universally) weak. While online solutions are superficially attractive, I maintain that many in-school students will still wish to engage with a real person. I agree that few schools are well placed to provide up-to-date advice and guidance about careers or tertiary study, and consider that this service could be better provided by visiting TEC or Ministry staff, appropriately qualified and trained, in much the same way that some schools currently engage social workers or 'itinerant' music teachers.</p> <p>I also consider that information about courses in schools that lead to particular tertiary education and employment outcomes needs to be provided to pre-NCEA students before the time comes for them to select their courses for their first year of courses that 'count' for NCEA, and thereby set the scene for their future employment of career.</p>
<p>R12.10: Government should consolidate and improve the array of official information sources about study and career options aimed at prospective (and current) tertiary students</p>		<p>I agree; and consider that this should include fees information; see my response to Recommendation R12.33.</p>
<p>R12.11: All providers should be able to apply to NZQA for self-accrediting status. Self-accreditation would cover processes such as programme approval and accreditation, qualification monitoring, and evaluation and review.</p>		<p>In principle, I agree, recognising that my agreement to this recommendation also has implications for CUAP and AQA (see Recommendation R12.2). Were R12.11 implemented, timeliness of decision-making may be an issue, noted in my response to R12.13. I note too that the Commission seeks feedback on the features of such a system (Q12.1, see later response)</p>

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Productivity Commission's Recommendation	Respondent's comments and overall assessment*	
<p>R12.12: Government should repeal the statutory provisions relating to the Vice-Chancellors Committee in the Education Act 1989. Cross-institution collaboration on course development and quality control for self-accrediting providers should be voluntary and subject to the normal provisions of the Commerce Act 1986</p>		<p>I agree conditionally: NZVCC has failed to deliver an appropriately responsive programme approval process through CUAP, and the input-based academic audit approach used by AQA is outmoded</p> <p>R12.12 would probably be opposed by University Vice-Chancellors and University senior managers, but I consider that R11, if implemented, provides an appropriate alternative. Thus, my support for R12.12 is conditional on R12.11 also being implemented. In the event that a university was not self-accrediting it should be subject to the quality assurance arrangements applicable to all other such providers.</p>
<p>R12.13: NZQA should review their programme approval processes, with a view to reducing timeframes and removing any unnecessary requirements. It should set a target for the median timeframe for approvals.</p>		<p>I agree, and observe that the need for such timeliness also applies to R12.11</p>
<p>R12.14: NZQA should update its policies to permit providers to change the location of delivery without prior approval, where those changes do not materially alter the programme from the perspective of students.</p>		<p>In principle, I agree. Presumably the policy sought to reduce duplication, and 'unfair' competition against a provider who had made a significant investment in a niche programme or challenging location. These issues could be resolved with greater encouragement for providers to work collaboratively, or alternatively – but less satisfactorily – by requiring providers in such disputes to accept external mediation.</p>
<p>R12.15: NZQA should amend its guidelines for approval of degree-level programmes to clarify when and why they require a panel review. Panels should be the minimum size and skills composition necessary for quality control.</p>		<p>I have little experience of the concern that has led to this recommendation. However, in that I would not wish to see a CUAP-style process of approval of degree-level programmes and graduating year review (with CUAP's attendant bureaucracy and lack of timeliness) adopted by NZQA, I agree with the intent of this recommendation.</p>
<p>R12.16: Providers should develop or adopt frameworks of standards for tertiary teaching, suitable for New Zealand's tertiary system, for assessing and rewarding the capability and performance of tertiary teachers</p>		<p>I agree, noting that current systems of inferring quality generally rely too much on student satisfaction data and course completion information, and do little to uncover the extent to which teaching/learning has enhanced student knowledge and skills appropriate for the course and relevant to the qualification</p>
<p>R12.17: Government should relax its statutory requirements for research-led teaching of degrees</p>		<p>In reality, research-led teaching in universities typically occurs in postgraduate courses rather than undergraduate ones. I consider that a better statutory requirement would be that degree-level teaching should be undertaken only by those who can demonstrate either scholarly competence (generally through research) or professional credibility in the discipline in which they teach.</p> <p>There should also be encouragement for the names of degrees that reflect whether they are research-based or 'industry' responsive, the latter perhaps being indicated by the use of the terms 'Applied' or 'Professional'</p>
<p>R12.18: Government should establish a student ombudsman service within NZQA to promote credit transfer, and with the power to arbitrate disputes between transferring students and their destination provider.</p>		<p>Implementation of R12.6 should reduce the need for such an appointment, but as at least an interim measure, the appointment of a student ombudsman service seems in the students' interest, and I support it.</p>

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<p>R12.19: The Ministry of Education and the Treasury should review the current regulatory arrangements, with a view to separating government's fiscal exposure to tertiary education institutions from its responsibility to protect the interests of students.</p>		<p>I have no particular view on this matter, so long as the interests of students can continue to be protected from the effects of a provider's inability to fulfil its contracted obligations to students.</p>
<p>R12.20: To improve their ability to innovate, tertiary education institutions (TEIs) should own and control their assets, and be fully responsible for their own debts. Government should seek to amend the Education Act 1989 to allow it to identify financially competent TEIs and treat them accordingly. This includes:</p> <ul style="list-style-type: none"> ● removing the requirement for such TEIs to seek approval to acquire or dispose of assets, or to borrow money; and ● removing government's guarantee of the creditors of such TEIs. 		<p>I agree conditionally, because students need some protection from the educational or financial failure of the TEI in which they have enrolled, unlikely though it may be for TEIs in which there is financial confidence.</p> <p>I suggest that In the case of failure, the ombudsman service established under Recommendation R12.18 should have the authority to transfer students from a failed TEI to an alternative TEI that offers a comparable programme. There seems little alternative to the Government taking financial responsibility for the costs incurred in such transfers in order to maintain the local and international credibility of New Zealand's tertiary education system overall. Apart from that provision, failure of financially incompetent – or, indeed, educationally incompetent – TEIs should not be precluded from occurring.</p>
<p>R12.21: Tertiary education institutions (TEIs) should contribute directly to their local communities by paying rates. This would remove a distortion that leads to inefficient asset use by the TEIs and inefficient land use.</p>		<p>The Commission recognises that this recommendation is consistent with some of its other work. However, unless this requirement to pay rates was applied to offices of Government departments, as well as publicly funded institutions such as schools, hospitals, etc. there would continue to be distortions. Universal implementation of this ideological position seems likely to be politically unacceptable, so, on balance, I oppose this recommendation.</p>
<p>R12.22: Government should:</p> <ul style="list-style-type: none"> ● extend funding eligibility to students who do not intend to pursue qualifications; ● remove specifications that set a lower and upper limit on fundable course duration; and ● remove limits on the use of industry training funding on training at levels 5 and above on the NZQF. 		<p>I agree with the intent of this recommendation to “support lifelong learning” and “adapt provision to match student and employer demand”, but am not convinced that the provisions suggested will necessarily have this effect. I would prefer the Commission to recast the recommendation to better reflect its envisaged outcomes.</p> <p>I make the additional comment that some qualifications offered by ITPs and ITOs, currently seem of unnecessarily long duration for the knowledge and skills developed.</p>
<p>R12.23: Government should abolish University Entrance, leaving all universities free to set their own entry requirements.</p>		<p>Universities already prescribe their own requirements for school-leavers entering the university: in the Commission's own words: “a package of credits at National Certificate of Educational Achievement (NCEA) level 3, including a minimum number of credits in literacy, numeracy and various “approved subjects”, which differ for different degrees and programmes. So, there is no single ‘University Entrance’ qualification, as might be commonly believed. I suggest that the <u>term</u> ‘University Entrance’ be abolished, and that each University should simply stipulate the package of NCEA 3 credits and subjects it requires potential students to complete prior to enrolment in its programmes. These requirements should be clear on University websites and well communicated to schools through the amended careers advisory service proposed in Recommendation R12.9.</p>

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<p>R12.24: Educational delivery by institutes of technology and polytechnics anywhere in New Zealand should not require the approval of the Tertiary Education Commission.</p>		<p>This requirement was presumably introduced by TEC in order to inhibit 'cherry-picking' of selected programmes by better resourced providers from outside the region, and/or duplication of programmes in small markets, with the consequence that neither programme is financially viable. Universities have not been afforded comparable 'patch protection' and have not suffered unduly when one university's programmes are offered on another university's 'home ground', and this is presumably the basis of the Commission's argument. However, universities offering courses on another's home ground are usually niche provisions, e.g., University of Otago offering higher-level medical programmes in Wellington and Christchurch, or Victoria University offering selected courses for its professional master's programmes in Auckland. Moreover, they occur in large urban areas with reasonable sized populations rather than in the small regional markets occupied by many ITPs. That said, I would like to see a greater range of tertiary education available in the regions; I consider that could be achieved better by encouraging inter-ITP collaboration than by outright competition. Perhaps a way forward is to identify a lead ITP in each region with which other TEIs would be expected to collaborate.</p>
<p>R12.25: The Ministry of Education should systematically identify and remove regulatory barriers to new entrants in the tertiary education system, subject to quality standards.</p>		<p>I am not convinced that the 'free market' that would presumably result if the recommendation were implemented is necessarily in the students' interest or to the benefit of New Zealand's stance as a tertiary education provider of repute, especially if the 'new entrants' include overseas providers (see also R12.28).</p> <p>I note that there is nothing to prevent New Zealand students enrolling with an overseas tertiary education provider whether 'traditional' or online, but if they do so, they receive none of the protection provided by accredited / approved New Zealand providers, and nor should they. While the current market may be over-regulated, I do not consider total deregulation is the answer.</p>
<p>R12.26: Any provider should be able to apply to NZQA to use the terms "university", "polytechnic", "institute of technology" and "college of education". NZQA should grant or reject such applications based on the provider's characteristics and on whether students or the public are likely to be misled about the provider's nature or quality.</p>		<p>It is not clear from the recommendation whether the Commission is advocating changing the definition of these terms. I consider that most people understand that universities are expected to undertake fundamental research and be the critic and conscience of society in addition to degree-level teaching, and that institutes of technology / polytechnics (ITPs) are concerned with trades training and professional programmes, and may undertake applied research and development. It is important to note that both universities and ITPs have roles additional to the education and training of students; the Productivity Commission has paid scant attention to in its deliberations to these institutions' commitments to their wider communities.</p> <p>Professional programmes are the area in which where there is currently the most blurring between the activities of universities and ITPs. If the existing understandings and definitions are retained, we can agree with the recommendation. I am less convinced of the recommendation if NZQA were to become the determiner of the characteristics that define types of TEI.</p> <p>Clarification is needed about the status of the term 'wananga' in tertiary education because it is currently used confusingly: as a specific type of TEI, and also as a translation of the term 'university'. Perhaps Universities New Zealand should consult with Māori language experts to agree on a more appropriate term for universities to use as a translation of 'university' into te Reo.</p>

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<p>R12.27: Any tertiary education institution should be able to apply to NZQA to change subsector (e.g., from ITP to university or university to ITP).</p>		<p>I agree in principle, only if the existing criteria continue to be applied, as has already occurred with the granting of university status to Auckland Institute of Technology some years ago. If this recommendation is implemented, it seems likely that polytechnics/ITPs that have a significant number of students enrolled in degrees and that can demonstrate a high level of research activity (not necessarily in relation to degree-teaching; see Recommendation R12.17), probably demonstrated by their PBRF profile. There are also PTEs that will aspire to have the status of an institute of technology, or university. The inevitable result of this change may be that the notion of 'sub-sector' becomes redundant.</p>
<p>R12.28: Government should approve for New Zealand those providers and courses approved in jurisdictions with which NZQA has mutual recognition agreements or in other jurisdictions where the New Zealand government is satisfied with the quality assurance arrangements.</p>		<p>While this recommendation is superficially attractive, I have similar concerns to that of Recommendation R12.25, in that if implemented there may be inadequate safeguards against exploitation of students, and there are potentially serious implications for the reputation of the New Zealand 'brand' in tertiary education. I would prefer that overseas providers seeking to operate in New Zealand formed collaborative arrangements with New Zealand providers, as is already happening (e.g., Southern Cross University's MBA offered through Manukau Institute of Technology)</p>
<p>R12.29: Government should reform the Student Loan Scheme to be an income-contingent loan scheme that ensures that people are not excluded from tertiary education purely because they cannot borrow against future earnings to fund their education. Future Student Loan Scheme borrowers should be charged interest at a rate that covers government's costs in running the scheme.</p>	<p style="text-align: center;">   </p>	<p>I agree that potential borrowers should not be "excluded from tertiary education purely because they cannot borrow against future earnings to fund their education". In addition, as part of improved communication with potential students, current students and graduates, the fact that the student loan is a debt that is expected to be repaid needs to be more strongly emphasised.</p> <p>However, I am not convinced that the reintroduction of charging interest on student loans has merit for graduates domiciled in New Zealand, especially while salaries remain at their present relatively low levels. The current government appears to share our view. I also agree with current policy that where graduates are employed overseas – presumably with the intention of gaining employment with high remuneration – then the repayment of the loan can reasonably incur interest.</p>
<p>R12.30: The Government should alter the definition of an equivalent full-time student (EFTS) to allow alternatives to the input-based "learning hour" as a basis of calculation.</p>		<p>I agree: the concept of EFTS is outmoded if lifelong learning should be fostered and part-time study (whether or not it is associated with employment) recognised as part of that stance. In addition to this benefit, introduction of the 'learning hour' as the basis of calculation would enable 'brighter' or more committed students to undertake more study in a particular semester/year than the number of courses that comprise an EFTS.</p>
<p>R12.31: The Ministry of Education should review the funding rates applicable to New Zealand and Managed Apprenticeships, with a view to equalising them.</p>		<p>I agree: the discrepancy appears to be a historic artefact. We concur that essentially the same activity should be equivalently funded.</p>
<p>R12.32: Every student should receive an invoice from their provider for government-subsidised education. This should explicitly show the full price of education, and the Government's contribution alongside the fee payable.</p>		<p>I agree. Moreover, providers and other agencies are altogether too coy about disclosing the fees payable, the extent to which they are subsidised, and additional charges that apply. All fee information should be required to be displayed in a clear and consistent format in order to facilitate comparisons between similar programmes offered by different TEIs.</p>
<p>R12.33: The Tertiary Education Commission should, in consultation with providers, set – and stick to – a reasonable deadline by which they will confirm funding allocations.</p>		<p>Of course I agree.</p>

2.0 Response to questions

Productivity Commission's question	My response
<p>Q9.1: What evidence is there about the impact of New Zealand tertiary education on participants' or graduates' wellbeing, separate from their labour market outcomes?</p>	<p>Awareness of 'outcomes other than labour outcomes' have emerged in some of NZQA's External Evaluation and Review reports, generally in relation to bridging, foundation, and introductory trades programmes, where an important dimension of the programme is as much about instilling appropriate behaviours that are likely to lead to acceptance into subsequent training or education or into employment as it is about gaining a job <i>per se</i>. The reporting requirements to TEC effectively disregard such outcomes, and have led to some of these types of programmes being discontinued.</p> <p>Awareness of outcomes other than 'labour market outcomes' do surface anecdotally when graduates or alumni interact with their former teachers either because they are active in a TEI's alumni association or equivalent or because they have volunteered to talk to a subsequent cohort of students prior to graduation. The information will at best be selective and fragmentary. Such information, particularly as the time since students' graduation increases, seems unlikely to be obtainable in New Zealand as long as the current culture of alumnis' minimal involvement with their TEI continues.</p>
<p>Q10.1: Are the operating costs of tertiary providers per EFTS increasing in real terms? If so, what factors are driving this trend?</p>	<p>It's hard to tell! As the Commission itself found, transparency in this matter seems difficult to achieve, and it depends on whether a truly whole-of-organisation view is being presented. If this really is an issue of importance, perhaps clearer rules for the presentation of financial information in TEIs' annual reports are required.</p> <p>One aspect of costs per EFTS which continues to be unaddressed is the length of programmes. No-one seems to have questioned the long periods of training – and therefore high costs – incurred by training for some trades or occupations.</p>
<p>Q12.1: What are the important design features for a self-accreditation system?</p>	<p>Providers should be able to demonstrate financial viability, have a track-record of quality provision across their offering, and credible relationships with their communities of interest. Quality should be evident in all their operational activities: the EER process currently operated by NZQA seems a good way of demonstrating this.</p>
<p>Q12.2: What measures might encourage providers to enter into articulation agreements to provide pathways for students to study across providers?</p>	<p>The ability to apportion fees between providers to enable joint provision, e.g., between an ITP and a university for 100-level engineering courses which can be credited to either the applied engineering degree a WelTec or the professional engineering degree at Victoria would encourage further articulation agreements that would benefit students at the 'intellectual boundary' between ITP and university.</p> <p>The Commission will be aware that there are already several inter-institutional arrangements of this type, particularly about the 100-level university level. but we consider that there are efficiencies to be gained from a wider use of this approach, including for professionally oriented postgraduate studies, of which nursing is a good example.</p>
<p>Q12.3: What measures could lead to a faster transfer of (nominally) Crown assets into TEI title, without incentivising TEIs to retain assets they do not need?</p>	<p>A TEI cannot necessarily forecast the need for buildings into the future, and it should be encouraged to make appropriate business decisions to reflect its changing needs over time: Victoria University's acquisition of the former Wellington Teachers' Training College and its subsequent desire to sell it within a few years is one such example. In this instance disposing of an asset no longer needed for the purpose for which it was acquired and in a location which is no longer suitable for students in terms of transport and proximity to other facilities they need or want is surely a responsible course of action. Thus, in large urban areas buildings surplus to academic requirements should be relatively easy to either repurpose for other uses by the TEI, e.g., halls of residence, apartments, etc., or are saleable, as is understood to be the case at Unitec intends. No incentive should be required in these circumstances. Surplus assets in smaller cities and towns are unlikely to be able to be disposed of as readily, and there may need to be reluctant acceptance that demolition may be the only realistic option.</p> <p>I do not see a pressing need for requiring a "faster transfer" of Crown assets, but do think that a culture of TEIs' retaining only those assets that are appropriate should be encouraged.</p>

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Productivity Commission's question	My response
<p>Q12.4: How can government deregulate fees, to encourage providers to differentiate more on the nature and quality of their offerings, while still adequately protecting the interests of students? Is this achievable within a system where government centrally allocates a capped number of subsidised places?</p>	<p><i>I make three points here:</i></p> <p>(1), 'Differentiating' is appropriate, essentially discouraging mindless competitiveness and wasteful duplication in a local market of limited size.</p> <p>(2), The reality is that there will always need to be some protection of the interests of students. Indeed, that is one of the benefits of receiving tertiary education from a New Zealand registered provider.</p> <p>(3), Subsidising places can be justified for education or training leading to occupations that are in short supply: engineering, building trades and medicine immediately come to mind at the moment. The country could benefit hugely from students in such programmes paying lower fees on condition of being bonded to remain in employment in the field in which they are trained/educated for at least the same period of time as it took to complete their programme – as used to be the case decades ago when there was a teacher shortage in New Zealand.</p> <p>Complementing this, a more general subsidy of higher education can also be a way of increasing the overall level of education in the population, considered by most people to be desirable for its own sake, let alone the potential it has for forestalling civil unrest, for which purpose higher education has a long history in the United Kingdom, for example.² Tertiary education is as much a 'public good' as a 'private good', especially in those countries where democracy - which is predicated on knowledge-based voting and decision-making - is valued.</p>
<p>Q12.5: What barriers do providers face in establishing largely autonomous subsidiaries that pursue innovation and new models?</p>	<p>I think it would be better to approach this the other way round: i.e., make the 'system' encouraging of innovation and new models of tertiary education so that providers don't find it necessary to hide behind "largely autonomous subsidiaries", which inevitably introduce complexity and cost into the providers' operating environment, and lack transparency.</p>
<p>Q12.6: What do you think of the Student Education Account proposal as outlined in this draft report? What would you do to improve it?</p>	<p>The 'Student Education Account' (SEA) is, in essence, a voucher system. Wherever and for whatever purpose voucher systems have been introduced they seem to be controversial, and it might be argued that the discussion about this simply distracts attention from other more significant and potentially useful reforms of parts of the tertiary education system.</p> <p>Education vouchers also imply that there is a real choice of equivalent educational options. For many students this is simply not the case; for example, they may need to choose a provider solely based on a location near employment or home; or the desired programme is only offered by a limited number of providers – in some cases only one. The concept of the SEA seems predicated on a large open market with many competing providers, which is unlikely to be attainable in New Zealand.</p>

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² Heffer, S. 'Broadening minds: the battle for education', in *High Minds: The Victorians and the birth of modern Britain*. London: Windmill, 2014, pp. 412-469.

Productivity Commission's question	My response
<p>Q12.7: What are the implications of the Student Education Account proposal for students? For providers? For industry training?</p>	<p><i>Implications for students:</i></p> <p>(1), There is an implication that a 16-year old school leaver can estimate their lifelong needs for education and training, and this is unlikely. No person can know when they may want or need further education or training because it depends on the initial tertiary education/training they choose, the employment they graduate into, their ability to continue in that employment, the survival of the industry, etc. The SEA system is unlikely to be able to address the highly variable needs for re-education and re-training: it is very likely that many people would expend the voucher early on in their career, and so would be no better placed to re-educate / retrain later if they were made redundant or had chosen a 'sunset industry' than is currently the case. A truly student-centred funding system needs, therefore, to include a needs-based component that allows for the future.</p> <p>(2), There is a strong risk that the SEA might be frittered away on courses, programmes or activities of limited educational value. Paying for career advisory services (as suggested by the Commission) might be such an example, 'churn' where students undertake similar courses and programmes sequentially (admittedly currently encouraged by some TEIs rather than necessarily sought by students) is another. Some might argue that "non-assessed community/continuing education might also be low value. The Commission itself recognises that eligibility would need to be defined, which, of course, cuts across the central notion of the SEA being a student-centric development!</p> <p>(3), Neither in the current system nor in the SEA is there an incentive to undertake courses or programmes likely to lead to employment or that meets a strategic need (e.g., engineering, health, IT). While it would be possible to do this in the SEA, by reducing the fees paid under the SEA and subsidizing the TEI offering the course (advising the student of this with the transparency advocated in Recommendation R12.32), other systems could be envisaged that would provide similar incentives</p> <p><i>Implications for providers</i></p> <p>The Commission seems to ignore the fact that providers are commercial entities and need a certain amount of security of student uptake of their courses and programmes in order to maintain educational and financial viability. Without that viability they cannot afford to invest in the innovation of course provision and delivery that the Commission – and, indeed, providers – seek. In addition, the Commission seems too willing to ignore the fact that providers have other parts to their 'business' than teaching, e.g., research in the case of universities, community development and industrial and commercial consultative advice in the case of institutes of technology, which are at least partially subsidised from teaching revenue (see also our response to Question 12.9).</p> <p><i>Implications for industry training</i></p> <p>I am not particularly familiar with this sub-sector, but anticipate that the implications for it would be similar to those for providers.</p>
<p>Q12.8: What are the implications of the Student Education Account proposal for innovation and the emergence of new models of tertiary education?</p>	<p>The Commission identifies regulatory frameworks, including some of those that involve TEC, NZQA, CUAP/AQA , as the barrier to "innovation and the emergence of new models of tertiary education". There is no convincing evidence provided in the report that the mechanism by which students are <u>funded</u> is necessarily inhibiting of such developments, in other words the Student Education Account would not address the regulatory barriers to innovation, etc.</p>
<p>Q12.9: Are there alternative models that could shift the tertiary education system from being provider-centric to being genuinely student-centric?</p>	<p>As implied elsewhere in this response, for the Productivity Commission to consider that tertiary education is primarily concerned with students is both myopic and naïve. The communities that TEIs – in particular, universities and institutes of technology – serve have additional expectations and aspirations for TEIs that the Productivity Commission appears to have largely ignored. Furthermore, the notion that tertiary education should be "genuinely student centric" also implies that the student always knows what they want or need. Perhaps unfortunately, – but similarly to the health system – this is not necessarily the case. That said, there are opportunities for TEIs to value and capitalise on the knowledge and skills students bring to their education; this is particularly the case in professional and postgraduate education.</p>
<p><i>End of submission</i></p>	

