About this document

The Government has asked the Productivity Commission to carry out an inquiry into "new models of tertiary education"

The Commission has published an **issues paper** on its website to assist individuals and organisations to participate in the inquiry. The issues paper outlines the background to the inquiry, the Commission's intended approach, and the matters about which the Commission is seeking comment and information. It also contains 78 specific questions to which responses are invited.

This document sets out **just the 78 questions from the issues paper.** Submitters are welcome to use this document as the basis of their submissions. Submissions are also welcome in many other forms, as outlined in the issues paper.

Making a submission via this document

All submissions should include the submitter's name and contact details, and the details of any organisation represented. This information can be entered below.

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Submissions may be lodged at www.productivity.govt.nz or emailed to info@productivity.govt.nz. Word or searchable PDF format is preferred. Submissions may also be posted. Please email an electronic copy as well, if possible.

The Commission will not accept submissions that, in its opinion, contain inappropriate or defamatory content.

What the Commission will do with submissions

The Commission seeks to have as much information as possible on the public record. Submissions will become publicly available documents on the Commission's website shortly after receipt unless accompanied by a request to delay release for a short period.

The Commission is subject to the Official Information Act 1982, and can accept material in confidence only under special circumstances. Please contact the Commission before submitting such material.

Key inquiry dates

Receipt of terms of reference:	3 November 2015
Due date for initial submissions:	4 May 2016
Release of draft report:	September 2016
Draft report submissions due:	November 2016
Final report to Government:	28 February 2017

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Questions

Below are the 78 questions contained in the issues paper. These questions are not intended to limit comment. The Commission welcomes information and comment on all issues that participants consider relevant to the inquiry's terms of reference.

Submitters should choose which (if any) questions are relevant to them, and leave or delete those they do not wish to answer. Many questions will not make sense without the accompanying discussion provided in the issues paper; submitters should refer to the issues paper to clarify the meaning of the question.

Question number	Question text	Where the question appears
Q1	**What are the advantages and disadvantages of administering multiple types of post-compulsory education as a single system?** There are many more compelling advantages than disadvantages: • Ensuring quality • Ensuring appropriate minimum content and comprehensiveness • Complementarity so that students can reliably move between providers. • Employers, potential students and others can more readily appreciate the skills and knowledge acquired in each course.	**Page 3**

Q2

Do prospective students have good enough information to enable them to make informed choices about providers and courses? What additional information should be provided? Who should provide it?

Page 8

Prospective students do not really have good enough information.

More research is required on how student demand is formed and choices made and more support needs to be made available by a qualified, well-informed and independent body.

It is inevitable that until a student experiences a course, they can't be sure that it is what they really want to pursue.

However, time spent on a course that doesn't lead directly to a job is not wasted when it opens up possibilities a student hasn't thought of and teaches them how to think.

Q3

Is the business model of universities published by Universities

Page 11

New Zealand a good characterisation? Are there aspects of the business model of universities that it does not explain?

Yes it is a good model.

In practice it understates the attraction of students to their local university because for this, living costs are lower, especially if they can live with their family; and also to the location of a good quality of student life generally which is related both to the quality of life in the city concerned and associated with the university concerned and to the range and complementarity of courses offered.

TEC allocation is closely related to student demand.

Q4	**What is the business model of ITPs? Do the business models of ITPs vary significantly? In what ways?**	**Page 12**

Q5	**What are the business models of the three wānanga?**	**Page 12**

Q6 **Do the business models of PTEs have common characteristics?** **Page 12**

Q7 **What are the implications of economies of scale in teaching (and the government funding of student numbers) for the delivery of tertiary education in different types of providers and for different types of courses and subjects?** **Page 12**

This is irrelevant because funding and student numbers are capped for particular courses/programmes.

Q8 **How does competition for student enrolments influence provider behaviour? Over what attributes do providers compete? Do New Zealand providers compete with one another more or less than in other countries?** **Page 12**

Diverts resources to marketing and PR (domestic and international) which could be better utilised.

Q9

What are the implications of fixed capital costs for the business of tertiary education? Do differences in the capital structure of different tertiary institutions have important implications for the delivery of tertiary education? **Page 13**

There is a need for modern laboratories and other facilities which must be maintained and kept current. Multi-mode which includes interaction between student and academics is essential.

Q10

What are the implications of the multiple activities of tertiary education for its delivery? What outputs are best produced together? What outputs are best produced separately? **Page 13**

We believe that the current “bundling’ of teaching with other educational and ancillary services is appropriate. Failing to link teaching with libraries, pastoral care and accommodation would result in unbalanced and often inadequate services harming students’ effective learning and overall health and wellbeing very substantially

Q11

What are the benefits and disadvantages, in terms of students’ **Page 14**

learning outcomes, of bundling together research and teaching at universities in New Zealand?

On the whole, there are more advantages than disadvantages.

Hearing directly from someone who is carving out new insights from the frontiers of knowledge, sharing their insights, knowledge and passion is wonderfully inspirational for students at all levels and motivates them to learn and achieve substantially more.

Although it is reasonable to have some undergraduate teaching done by skilled communicators who are substantially less effective as researchers, nevertheless it is vital that students at all levels are directly exposed to people who are at the top of their field in terms of research and analysis.

We do not agree that NZ should split into teaching and research universities, we need to do both.

It is important that all academic staff undertake research but the nature and level of their teaching should suit their capabilities.

Q12

What value is attached to excellence in teaching compared to excellence in research when universities recruit or promote staff?

Page 14

In our view they ought to be given equal value and priority. Some of the largely anecdotal material in the Issues paper which claims that teaching is grossly undervalued compared to research is a combination of misleading colourful comments and generally rare examples.

Q13 **Do New Zealand TEIs cross-subsidise research with teaching income?** **Page 14**

Q14 **What other evidence is there about what makes for effective teaching in a tertiary environment? Is it different for different types of learning or student? How can teaching effectiveness be best measured and improved?** **Page 17**

The analysis in this section was broadly reasonable.

There is probably more difference between academic learning which encourages deep approaches to learning and vocational learning where deep learning is valuable but not as central as is practical understanding and skills

Q15 **How do tertiary providers assess, recognise and reward teaching quality in recruitment and career progression? To what extent do tertiary providers support the professional learning of teachers?** **Page 19**

Teaching quality is recognised more in recruitment and career progression than the Paper recognises. However the extent to which tertiary providers support professional learning of teachers ought to be enhanced to improve learning outcomes.

Q16	**How do New Zealand tertiary providers use student evaluations? How does this influence provider behaviour?** The feedback from students, particularly to the lecturer, is useful for a lecturer in improving their teaching performance. It is less effective in determining or informing teacher promotion.	**Page 19**
Q17	**In what ways and to what extent do employers interact with tertiary providers in New Zealand? Are there practical ways to encourage employers to have greater or more productive involvement in the tertiary education system?** More research is required into the extent to which overseas migrants are preferred to graduates from domestic universities/providers.	**Page 21**
Q18	**What are the similarities and differences among ITOs, or between ITOs and other tertiary subsectors, in how they operate?**	**Page 21**

Q19 **What makes for a successful ITO in terms of meeting the needs of firms for skilled staff?** **Page 21**

Q20 **How effective is the ITO model in meeting the needs of learners and firms?** **Page 21**

Q21 **What arrangements for arranging workplace training and apprenticeships in other countries could New Zealand usefully learn from?** **Page 21**

There ought to be more research on relative benefits of internships to students and employers. Some students from lower income families cannot afford to be interns so some discrimination and unfair spread of benefits is one likely result of extensive internship utilisation.

Q22

Is the current architecture a good fit for a tertiary education system? What are its advantages and disadvantages? Are there good alternatives? **Page 24**

The current system gives too much power and standardisation from the Minister.

Individual universities need more autonomy to innovate, experiment, respond quickly to changing needs and opportunities and be more locally responsive. The current situation gives too much power for ideologically based views and the short term enthusiasms of the Minister.

Q23

How effective is the TES instrument at giving government education agencies direction about prioritising resources and making trade-offs in carrying out their roles? What are the benefits and risks, in terms of fostering an innovative system, of a more or less directive TES? **Page 24**

The TES should be less directive so that it does not overemphasise temporary or politically-motivated enthusiasms. It also needs to be more innovative, and locally and culturally appropriate.

Q24

How do other instruments (e.g., funding mechanisms, letters of expectation, budget initiatives) influence government agencies' behaviour? How do these align with the TES instrument? **Page 24**

Too many complex instruments complicate and excessively influence agencies' behaviour.

With frequent top-down direction the Minister in Wellington may prevent local initiatives more relevant to local regions.

Q25

When do the TEC's independent funding role and its Crown monitoring role align, and when are they in tension? **Page 25**

Q26

What are the pros and cons of different quality assurance arrangements for universities to those for ITPs, wānanga, and PTEs? **Page 26**

Because of the priorities universities distinctively include such as major research, being a repository of knowledge and expertise, and a critic and conscience of society, it is definitely necessary for universities to have independent and different quality assurance arrangements from those for ITPs, wananga and PTEs.

Quality mechanisms should be aligned to the purposes of the institution.

Q27 **How do New Zealand's government institutional arrangements for tertiary education compare to those in other jurisdictions?** **Page 27**

Q28 **In what ways does a focus on educating international students complement or undermine the other goals of tertiary education providers?** **Page 31**

Educating international students increases academic standards, diversity of approaches, promotes cultural awareness and racial tolerance, recruits some important contributors to New Zealand both academically and to the economy. Places should not, however, be denied to New Zealand students, most of whom will stay in or return to this country for its long-term benefit, in order to accommodate more overseas students.

Q29

What factors best explain the discrepancy between growing levels of tertiary education attainment without a significant productivity dividend? **Page 34**

Part of the reason is the excessive emphasis on STEM and communications courses on the assumption that these are most likely to increase productivity. The reality is probably any course that substantially enhances learning skills, lateral thinking, creativity and persistence will have this effect and some people have been persuaded to undertake causes less geared to their or long-term national needs.

Employers are resistant to innovation and productivity growth. Tertiary attainment provides a wider range of advantages to New Zealand beyond the potential contribution to productivity, particularly in an economy dominated by services.

Q30

What are the best measures to determine whether the tertiary ed- **Page 36**

ucation system is working well?

Universities New Zealand is doing a pretty good job measuring performance.

It is important to recognise that economic outcomes are only one test. The outcomes from those who have undertaken tertiary study in terms of new knowledge and of contributing to a livable, inclusive, cohesive society are equally important. It also needs to be acknowledged that substantial benefits economically, socially, culturally and in the advancement of knowledge are achieved by those who do not complete their courses. People can fail to become All Blacks or Silver Ferns but still achieve a great deal in skills and personal development through trying.

Measures related to the good functioning of civil society, creativity, innovativeness, openness to ideas, and tolerance should also be included in determining whether the tertiary education system is working well.

Q31

What other evidence is there about the influence of tertiary education system performance on graduate income premia in New Zealand? **Page 38**

More than in most comparable countries, there is an attitude among many employers that tertiary qualifications are no more relevant, and often less so, than being self taught, self-confident and of a practical persuasion. Many jobs offer no premium at all for having a tertiary qualification. From the beginning of their work in some jobs people are paid simply on apparent skill and ability shown and experience gained on the job. This attitude, though somewhat less prevalent than it once was, probably plays the major role in reducing income premia in New Zealand.

The growth in number of graduates has generally discounted the value of a degree.

A low wage economy in general is also affecting graduate salaries.

Q32

To what extent are graduates meeting employers' expectations with respect to hard or technical skills? What about soft skills and capabilities? **Page 47**

This happens to a reasonable extent, particularly with regard to "soft' skills and capabilities. Hard and technical skills are often specific to a particular work place and are best learnt on the job provided the graduate has the soft skills to learn and apply job specific skills readily.

The so-called soft skills are the more important ones for a worker to adapt to inevitable technological change in the workplace, and even to affect and create change.

Q33

What are the significant trends in employer demand for tertiary-educated employees, and in student demand for tertiary education? How is the system responding? One of the responses from tertiary education providers has been over-specialisation of courses at undergraduate level. **Page 50**

Overspecialisation may be true of PTEs but not in the university environment.

Technological and economic change will abolish a great many jobs and oblige workers to change the nature of their job several times. Flexible courses that encourage people to think and learn for themselves will reduce the need for expensive and repeated retraining.

Q34

What is being done to develop, assess and certify non-cognitive skills in tertiary education in New Zealand? Do approaches vary across provider types, or between higher, vocational, and foundation education?

Page 51

Students develop those skills on campus by inter-acting with other students and staff - a process of developing maturity which is difficult to measure

Q35

What are the implications of new technologies that are predicted to make many currently valuable skills obsolete? Will this change the role of the tertiary education system?

Page 53

Yes. Tertiary education will need to be available, affordable and accessible to, and used by, people several times in their lifetime. Any limit on the number of years of tertiary education for which financial assistance is available must be abandoned. There should be no age restriction applying to re-training assistance.

Hopefully the tertiary education system will not provide so many courses around narrow specialised skills that are likely to become obsolescent and more around liberal arts and other courses that encourage a wider knowledge and skills base and the ability to learn for oneself, think laterally and be flexible.

Q36

What challenges and opportunities do demographic changes present for the tertiary education system? **Page 55**

There will be a higher proportion of young people and of students who are Maori, Pasifika and Asian. It is vital that they access the same range of undergraduate and postgraduate courses in proportion as are currently filled by pakeha. Also older adults will make up an increasing proportion of the population and will be working longer, and will need to have first-time access to tertiary education. Their access to tertiary education in terms of costs and pre-entry requirements will need to be reassessed.

There will need to be a greater diversity of students attaining qualifications at a graduate and post graduate level.

The forecast does not appear to take account of migrants.

Q37

What evidence is there on the effect of tuition fees on student access to, or the demand for, tertiary education in New Zealand? **Page 60**

There is not a great deal of evidence about this in the New Zealand context. However there is clear evidence that Maori, Pasifika, and students from lower decile families tend to take courses that are cheaper in terms of fees and living costs e.g. certificates and diploma courses in the city their families live in, rather than more expensive courses like dentistry in Otago. Anecdotal evidence would indicate that tuition fees are affecting choice of courses, and the decision to undertake tertiary education at all.

Q38

What are the likely impacts of domestic student fees increasing faster than inflation?

Page 60

Where domestic student fees increase faster than inflation, and even more so if they increase faster than median incomes, then some students from lower income families will choose to undertake studies with lower course fees than they would otherwise have preferred and a smaller number will choose not to undertake tertiary study at all or drop out.

We understand universities are increasing fees to be able to develop and introduce new courses.

Q39

What impact has the pattern of government spending on tertiary

Page 61

education had on the tertiary education provided?

When government chooses as it sometimes has, not to increase its contribution to tertiary education as much as inflation in the sector, particularly where it also holds fees, then the quality of staff and of tertiary education provided is somewhat diminished. Some domestic and international students would, partly in consequence, choose to pursue their studies in Australia or elsewhere and both categories are less likely to return or come to New Zealand to return the economic and non-economic benefits of their education to New Zealand.

The emphasis of government funding on STEM and other courses may be designed to meet domestic demand for those skills and knowledge.

Q40

How have providers' input costs and revenue changed over time? What are the implications of these changes? **Page 62**

Revenue from student fees increases over time. We doubt the analysis on pages 56-57.

Q41

How might Baumol's cost disease or Bowen's law (discussion of which tends to focus on providers like universities) apply in other parts of the tertiary education system? **Page 64**

Baumol's cost disease has some relevance to tertiary education because technological advance should only partially replace, but preferable enhance, the human element which will remain central and crucial for quality teachers, researchers and campus-based life and learning. However, education and research are so vital and valuable to all aspects of civilised human life that governments and individuals will remain committed to paying the appropriate cost for it, for both universities and other tertiary providers. We do not support a substantial move from the benefits of campus based education to MOOCs.

Bowen's Law is cynical and for the most part it is nonsense to allege that prestige at all costs is a principal driving force of university education institutions. It is certainly even less likely to be significant for other tertiary providers. It is not worth wasting more time on it. Bowen's Law is irrelevant given the amount of money raised by NZ universities.

Q42

What specific technologies should the inquiry investigate? Why? **Page 67**

Interactive ones that can enhance the person to person relationships and thus the non-cognitive qualities of graduates and staff.

Q43

What parts of the tertiary education system are challenged by ongoing technological change? What parts can exploit the opportunities created? **Page 67**

A higher proportion of students who are Maori, Pasifika, from lower income families or who are otherwise disadvantaged are particularly dependent on establishing positive personal peer and student- lecturer relationships in order to succeed academically or in other important aspects of their personal development. Technological change which reduced these essential interactions, particularly those introduced principally to reduce costs, would mean that many otherwise capable students would fail to learn as much or to complete their courses, and that inequality and alienation in New Zealand society would increase.

Most parts of tertiary education can and should exploit technology and technological change but in order to enhance human learning interactions rather than to replace them.

The experience with international MOOC completion rates of 2-10% is evidence that courses delivered principally on line will not advance New Zealand graduate learning, and will positively reduce completion rates. Evidence is also available on the low completion rates in large countries like the US.

Q44

How has internationalisation affected New Zealand's tertiary edu- **Page 71**

cation system? What are the ongoing challenges and opportunities from internationalisation of the tertiary education system?

We endorse the programme of applying only domestic fee levels for international doctoral students.

We recommend an increased scope for sending New Zealand students overseas in order to internationalise the content of their degrees without exacting heavy personal costs.

Q45

Is the "New Zealand" brand an important part of international competition for students, staff, and education products and services? What should providers and government do to manage or enhance this brand?

Page 71

Yes, the New Zealand brand is an important part of attracting international staff and students, products and services. Providers and government are not the only bodies that should enhance the brand – local government is particularly important and plays a vital role, and businesses and voluntary agencies are also important. Being welcoming, inclusive, diverse, non-racist and safe from crime and accidents are also vital.

It is necessary to recognise differences between countries and tailor the marketing to specific cultural groups.

Q46

What other trends provide challenges and opportunities for the

Page 71

tertiary education system?

Wider national and international challenges and opportunities like climate change, investing in renewable energy, major population movements from war, disasters and oppression, the abolition and creation of whole categories of employment, developing forms of communication.

The increasing importance of the major countries in Asia and Africa should be addressed.

Q47

What trends are likely to be most influential for the tertiary education system over the next 20 years? **Page 71**

The above trends in Question 46 must be taken into account as among the most influential.

Q48

Are there other important types of new model that should be included within the scope of this inquiry? **Page 74**

Our previous comments are relevant to this and Q49-58. We disagree with the term ‘models’ and prefer to use ‘systems and processes’. We reiterate that bundling should be retained.

New systems and processes (‘models’) have been and could be considered and adopted if they are compatible with improving the universities’ function and with research-related and campus-based learning.

Q49	What new models of tertiary education are being implemented in universities, ITPs, PTEs and wānanga? How successful have they been?	Page 74
Q50	Are current quality assurance and accountability arrangements robust enough to support a wide range of new models?	Page 75
Q51	How might new models of tertiary education affect the New Zealand brand in the international market for tertiary educations, students, education products and services?	
Q52	What can be learnt from the tertiary education systems of other countries? Are there models that could be usefully applied here?	Page 77
Q53	What measures have been successful in improving access, partic-	Page 78

ipation, achievement and outcomes for Māori? What measures have been less successful? Why?

Q54	**What measures have been successful in improving access, participation, achievement and outcomes for Pasifika? What measures have been less successful? Why?**	**Page 79**
Q55	**What measures have been successful in improving access, participation, achievement and outcomes for at-risk youth? What measures have been less successful? Why?**	**Page 79**
Q56	**What measures have been successful in improving access, participation, achievement and outcomes for those with limited access to traditional campus-based provision? What measures have been less successful? Why?**	**Page 79**

Q57 **What measures have been successful in improving access, participation, achievement and outcomes for people with disabilities? What measures have been less successful? Why?** **Page 79**

Q58 **What measures have been successful in improving access, participation, achievement and outcomes for adults with low levels of literacy or numeracy? What measures have been less successful? Why?** **Page 79**

Q59 **How innovative do you consider the New Zealand tertiary education system is? Do you agree that there is "considerable inertia" in the system compared to other countries? If so, in what way and why?** **Page 81**

If there is inertia in the system it should be attributed principally to the complex financial constraints and directives imposed by government.

Q60 **What are the factors associated with successful innovation in the tertiary education system?** **Page 81**

More autonomy and a less managerial approach would encourage innovation.

Q61 **What are the benefits to innovators in the tertiary education system? What challenges do they face in capturing these benefits?** **Page 81**

Q62 **What are the barriers to innovation in the tertiary education system? What might happen if those barriers are lowered?** **Page 81**

Q63 **How well do innovations spread in the tertiary education system? What helps or hinders their diffusion?** **Page 81**

Q64 **How successful was the Encouraging and Supporting Innovation fund in promoting innovation in the tertiary sector? What evidence supports your view?** **Page 83**

This type of funding is to be encouraged, and perhaps a further attempt should be made at appropriate opportunities.

Q65 **Are there examples where the New Zealand Government has directly purchased innovation or innovative capacity in tertiary education? If so, was it successful?** **Page 83**

Q66 **How easy or hard is it for a new provider or ITO to access TEC funding?** **Page 84**

An easier approach to setting up new providers would encourage the destruction of NZ's reputation for quality education, the 'New Zealand brand' referred to previously in the paper.

Q67 **Does the programme or qualification approval process via NZQA** **Page 85**

or CUAP enable or hinder innovation? Why?

The current programme or qualification approval process does not generally hinder innovation and is necessary to ensure quality and value. It also protects potential students and the reputation of New Zealand's tertiary education and 'brand'.

Neither NZQA nor CUAP decide *where* or *whether* a course should be offered, they approve the *quality* of the course.

Q68

What impact has Performance-Linked Funding had on providers' incentives to innovate? **Page 86**

In general it has had a positive effect.

Q69

How much does funding shift between PTEs based on assessments of performance? Whose assessments are they, and what are they based on? **Page 88**

Q70

How much does funding shift inside a TEI (e.g., between courses, academics, or faculties) based on assessments of performance? Whose assessments are they, and what are they based on? **Page 89**

Q71

What influences tertiary providers towards offering a broad or narrow range of course offerings? What are the advantages and disadvantages (for providers, students, and the sector as a whole) of a relatively homogenous system? **Page 89**

One important advantage is that students who cannot afford the high costs of accommodation and other living costs by moving to some other cities can be assured they will receive a broad range of courses of assured quality at their local university.

Another advantage of homogeneity is that students can move from one university to another, an important consideration given the mobility of the New Zealand population.

Q72

Do New Zealand's tertiary policy and regulatory frameworks enable or hinder innovation? What might happen if existing constraints are loosened? **Page 90**

Some real risks of loosening existing constraints include:

- loss of quality of education in a course
- a course that includes a lot of irrelevant or erroneous material
- excessive costs for a course in comparison with its quality and benefits

Q73

How do intellectual property protections in tertiary education fos- **Page 91**

ter or hinder innovation? Are the effects different in different parts of the system or for different kinds of provider?

We do not agree with greater intellectual property protections in tertiary education. Sharing knowledge is a traditional university value, and encourages innovation.

One of the philosophical principles underlying the nature and activities of universities is to encourage the sharing of knowledge, including that obtained from research and from innovation, as readily and extensively as possible. This is to spread truth, knowledge, insights, innovation and to break down barriers of ignorance and stereotyping. In these circumstances and with these positive values the extent and nature of intellectual property protection needs to be carefully justified so that it does not actually limit innovation, slow the advancement of knowledge in a discipline and protect ignorance and inefficiency.

Q74 **How does the Crown's approach to its ownership role affect TEI behaviour? Is it conducive to innovation?** **Page 92**

Continuity and a guarantee that courses will be completed is a vital protection for students, both domestic and international. This guarantee enables institutions to innovate. However too great an insistence on intervening imposes restrictions on innovation.

Q75 **Do regulatory or funding settings encourage or discourage pro-** **Page 93**

viders from engaging in joint ventures? If so, how?

Regulatory systems appear to encourage collaborative and joint ventures; however there are some funding issues both within and between institutions.

Q76	**How do regulatory or funding settings encourage or discourage providers from seeking external investment?**	**Page 93**
Q77	**How do tertiary providers create incentives for internal participants to innovate? What kinds of choices by providers have the biggest "downstream effects" on their level of innovation?**	**Page 93**
Q78	**What incentives do government education agencies have to inno-**	**Page 94**

vate in the way they carry out their functions, both within and across agencies? What constraints do they face?

We are concerned that the word 'innovate' has been treated at times as a process and at other times as an idea. This inconsistency has made answering some questions difficult.

Some significant innovation occurs through the universities' commercial arms but it is not raised in this Paper under innovation in the definition on page xi.