

University of Canterbury Submission to the Draft Report “New Models of Tertiary Education” prepared by the Productivity Commission dated September 2016.

Introduction

- 1) The University of Canterbury (UC), is constituted and governed under the Education Act 1989. The University’s governing body is a 12-member Council chaired by the Chancellor, presently Dr John Wood. Council is responsible for the governance of the University, with its powers set out in the Education Act (1989), including the oversight of the institution's strategy, policies, degrees, financial performance, and capital matters. This submission to the Productivity Commission, in regard to the draft report of its work on the New Zealand tertiary sector, is made with the full authority of Council.
- 2) UC is a research intensive University covering a broad range of disciplines with both undergraduate and postgraduate student offerings across engineering, science, arts and humanities, business and law, and education and health. It offers over 70 qualifications and teaches over 2,000 different courses each year. As of October 2016, the university had a total enrolment of 12,442 equivalent full time students (EFTs), of whom 22% are postgraduate students and 9% are full fee paying international students. Around half of UC students come from within the Canterbury region, others come from elsewhere in New Zealand or from overseas.
- 3) The university is on a trajectory to recover its total EFTS back to pre-earthquake levels in 2019/2020, after suffering a 25% drop in new to UC domestic student EFTs in 2011-12
- 4) Tertiary Education Commission (TEC) measures of educational performance show UC to be consistently highly ranked, over the period of 2012 – 2015, for student course and qualification completions, progression to higher levels of study and retention within study.
- 5) Commensurate with its teaching profile, UC has a diverse subject research profile, with a total of over 600 full time equivalent (FTEs) academic staff that truly operate at the teaching – research nexus, generating over \$55 million of competitive external research in 2015, equating to an average of over \$90,000 per FTE academic staff member. UC produces some 3,000 quality assured publications and creative works each year as part of an institutional mandate to create and disseminate new knowledge for the benefit of wider society.
- 6) In the last Performance Based Research Fund (PBRF) assessment, UC had the largest proportion of its academic staff actively engaged in both research and teaching. In the most recent (2016 release) QS assessment of research outputs and impact, UC was the highest ranked NZ University and the only one to rank in the top 200 in the world.
- 7) By any number of metrics (e.g., PBRF, QS University Rankings, THE Rankings, high impact journal indices), UC is ranked either third or fourth (dependent on the metric) in research excellence and productivity within the New Zealand university sector.

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- 8) The Productivity Commission has been working on a review of the New Zealand tertiary education sector to investigate how trends in technology, internationalisation, population growth and demographics, tuition costs and demand for skills may drive changes in “delivery models” of tertiary education.

- 9) The underlying premise is that the tertiary system, as currently structured and incentivised, may not be “unlocking” potential productivity gains both for the providers of tertiary education or for New Zealand, given the trends described above. UC note that the brief for the review (<http://www.productivity.govt.nz/sites/default/files/tertiary-education-issues-paper.pdf>.) covers the entire tertiary sector, though the draft report only discusses substantively the university component of the New Zealand tertiary sector.
- 10) A draft report of the review findings were released on 29th September 2016 by the Productivity Commission
http://www.productivity.govt.nz/sites/default/files/FINAL%20Tertiary%20education%20draft%20report_2.pdf, and includes 33 draft specific recommendations.
- 11) The Productivity Commission is taking submissions on the draft report until 21st November 2016, will then undertake further analysis and consideration of submissions, and submit a final report to Government in February 2017.

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- 12) In this context, UC makes a submission on the draft report, which is both generic to the draft recommendations, and specific to the current circumstances of UC as it regenerates and transforms its campus, programmes of learning, student experience and student enrolment levels through a post 2010-11 earthquake recovery. UC presents the following points.
- 13) Universities New Zealand (UNZ) has produced a significant, coherent, and logical analysis of the draft report, including detailed rebuttals of many core issues raised in the draft report that concern the New Zealand university sector and includes direct input from UC.
- 14) UC fully supports the UNZ response to the draft report, and underlines here the UNZ response on the specific issues of the term “university”, the teaching-research nexus, and support of research intensity through the PBRF. These related issues are crucial distinctions that have produced a university sector in New Zealand where seven out of eight New Zealand universities rank within the top 350 global universities. The key interaction between “teaching” and “research” drives university excellence and rankings, and in turn underpins both greater graduate employability prospects and research innovation and commercialisation. The NZ University system is one of the most affordable, accessible, research intensive university systems in the world. It is not perfect but it did not come to have these hallmarks without being responsive, innovative, globally connected and productive.
 - a. Graduates of NZ Universities are more likely to be employed, more likely to have higher incomes and more likely to go on to develop their skills at a higher level than graduates from other sectors of the NZ tertiary sector. Graduates from research intensive universities, exposed to the latest research and practice are "future proofed", and hence significantly advantaged in their future careers rather than being provided current wisdom. The benefit for employers, and economy, is that university graduates will be more innovative and better prepared to apply new conceptual and data based approaches.
 - b. Further, given that New Zealand universities are the major source and employers of New Zealand researchers (with greater numbers employed than the private sector and CRI's combined), during a period when the Government is investing heavily in the New Zealand research base including specific investments (including primary industries, ICT, high value manufacturing, health, and environmental sustainability,

and climate change adaptation), why would it be proposed to unwind the teaching – research nexus and potentially diminish New Zealand’s research base?

- c. The report challenges the conclusion that research intensive teaching tertiary providers are uniquely placed through the joint production of graduates and research outputs to deliver valued outputs productively but the Commission fails to undertake any analysis, present any evidence or assess the risk of undermining this paradigm.
 - d. Finally, the Government has a clear aim of further growing New Zealand’s research base by encouraging greater research capacity within industry. Populating that greater New Zealand research base can most efficiently come from building on our world-class universities and their research capacity and leveraging their global connections.
- 15) The Committee on University Academic Programmes (CUAP) and Academic Quality Agency (AQA) are key mechanisms of maintaining quality assurance across the relatively small New Zealand university sector. The Productivity Commission proposes a step change in quality assurance believing that it would drive innovation.
 - 16) UC supports innovation, but observes that similar proposals for “self-monitoring and self-accreditation” in Australia and the UK have yet to be proven and are being applied in “markets” far larger (with 43 and 159 universities in Australia and UK, respectively) with greater variability in institutional reputation. Further, a move to self-accreditation would require benchmarking and engaging with external institutions and essentially be “in-housing” the current CUAP and AQA processes at higher compliance costs for both individual institutions and aggregated across the entire system. UC does agree that some CUAP and AQA process could be stream-lined, be more transparent, and publically accessible. At a time when institutions are being encouraged to co-operate, collaborate, share resources and reduce duplication of effort, the proposals would promote fragmentation, duplication, reduced transparency and increase transaction costs for prospective students and their future employers.
 - 17) UC expressly notes that all of the 33 draft report recommendations are constructed as a coherent package to encourage essentially more choice, increased competition and “de-regulation” of the university sector to allow a more innovative and responsive system for customised learning where prospective students can “pic ‘n’ mix” a programme of study.
 - 18) Given that the Government has already indicated that some of the recommendations will not be enacted (e.g., introduction of student voucher scheme, and charging of interest on student loans while learning), and therefore by implication institutions will not be allowed to set prices to reflect cost of delivery, demand, risk, quality, employment outcomes and given that arguably there is already over-capacity for undergraduate delivery in some programmes in some locations, there is a very high risk of “unintended consequences” to the university sector arising from partial de-regulation, where some recommendations maybe accepted by the Government and others are not.
 - 19) The risk of “unintended consequences” would be further compounded by potential differences in Government regulation and control, where existing universities might remain under significant control (and hence constrained in operation and response), and potentially “new players” were not. Further, increasing the already intense competition and adding new capacity within the New Zealand “undergraduate market”, where any “university” can award “degrees” of unknown quality would have significant negative impact on the current university sector, its reputation and financial viability. The draft report provides no evidence

that a lack of competition or lack of student choice is the cause of an asserted lack of innovation.

- 20) Further, expanding revenue from full fee-paying international students is a clear goal for both the New Zealand university sector, and the Government for the wider economy. New Zealand universities currently contribute NZ\$1,040m to the economy from international students. Any initiative that creates confusion in the international student market (by a wider range of “universities” offering variable quality “degrees”) will undermine the existing reputation and international market penetration of New Zealand universities. Currently New Zealand is ranked the fifth most desired country for international students (after USA, UK, Canada, and Australia). A key foundation of the New Zealand offer is a highly reputable and ranked university sector where all eight universities have a quality research-led teaching offer.
- 21) The Canterbury region continues to recover from the 2010-2011 earthquakes, and this is especially true for tertiary institutions in the region that have large campuses which were damaged (and require significant re-building) and / or lost a significant number of students. The proposed draft recommendations could have a significant impact at two levels. Firstly, UC and Lincoln continue to respond and recover from the impact of the earthquakes, where re-growing domestic student numbers (back to at least pre-2011 levels) is key for both institutions.
- 22) Expansion and / or entry of new “university” capacity in the Canterbury region at this time would have negative impact on both institutions. Secondly, UC has a clear programme of recovery (UC Futures Programme), underpinned by formal agreement with the Government of its investment in the recovery of UC. UC Futures has clear targets of recruiting both domestic and international students to ensure the long-term financial and intellectual sustainability of UC. This student recruitment is based on a “value proposition” of delivering a quality assured degree, of professional standing and accreditation, from an internationally recognised and reputable university operating within a sound system of good reputation. This value proposition is especially important for international students.
 - a. Currently, UC has >1,100 full fee paying international students (comprising 9% of the total student EFTs), but are disproportionately more important in revenue, and are the fastest growing cohort of “new to UC” students. Given that many international students come to New Zealand for postgraduate studies, UC and the wider New Zealand brand for international tertiary students is based on the reputation and credibility of having a globally-ranked university sector.
 - b. The prospect of new entities being able to brand themselves as New Zealand “universities” without meeting the standards that would place them among the top 500 of the over 17,000 entities claiming to be universities in the world today, will create confusion in the international market and would have an explicit impact on the post-earthquake recovery of UC. Such a significant change in the regulatory environment is likely to require UC to reassess its recovery prospects.
- 23) UC continues to innovate its teaching offer within the existing New Zealand university sector, and is making the student experience (as “customers”) a key aspect of university delivery.
- 24) As part of the UC Futures Programme and the Crown Funding Agreement entered into in September 2014, UC has introduced the UC Graduate Attributes where, along with mastery of the discipline chosen by the student, four key attributes (i) employability, enterprise and entrepreneurship (ii) bi-cultural competence (iii) global awareness and (iv) community

engagement, are being threaded throughout all undergraduate programmes to create learning outcomes that position graduates to play an active part not only in their first job after graduation, but into their careers in an unknowable future world.

- 25) Further, some 10% of UC students are currently having their programme of study being wholly delivered via online distance-learning including online programmes extending into late evenings to cater for part-time students undertaking professional development and being taken by students living off shore.
- 26) All students engage with online delivery to support their learning with record time spent online and accessing digital content to support a coherent programme of learning.
- 27) UC continues to innovate with its work internship and placement programme for undergraduates, which is progressively being expanded beyond engineering and initial teacher education to other colleges. Of those graduating from UC with an undergraduate degree in 2015, 57% had met a relevant work experience requirement, or had studied overseas, or engaged in an academic course that included a community engagement requirement.
- 28) The belief that modern NZ Universities deliver only through lecture theatres and physical libraries is not correct. UC's experience in the post-earthquake environment supports the need for digital access but underlines the critical part peer support and physical contact with academic staff plays in student engagement at the undergraduate level.
- 29) Engagement, not access to content, is the driver of learning outcomes for undergraduates. UC continues to assess pedagogical practice and advancement, across different subjects and different degree levels, to ensure best possible student outcomes and course delivery.
- 30) Additionally, UC delivers an important programme of Māori undergraduate and postgraduate teaching and research via the Ngāi Tahu Research Centre, the Maui Lab at Aotahi, and Te Rū Rangahau. Finally, UC has invested heavily in student services which is ensuring that UC ranks highly across given educational performance indicators.
- 31) The draft report implicitly assumes New Zealand universities do not collaborate to limit student choice. UC is a collaborative university where a number of institutional collaborations have been developed to offer greater student choice and delivery. Three examples are given. Firstly, Lincoln University and UC are collaborating to deliver two specialist masters programmes – water resource management and disaster risk reduction, which access a greater range of expertise and students have greater choice in terms of content. Secondly, UC and Ara are collaborating to offer a combined Bachelor of Nursing and Master of Health Sciences. This degree is offered to students who have already graduated with another degree, and is strongly supported by the Canterbury District Health Board as a vehicle for delivering health managers and leaders. Finally, UC has a three-way public / private partnership between UC, Navitas (an Australian based higher education pathway provider and operator of the UCIC College, and Christchurch College of English Language (a privately owned English language provider), that is providing a pathway for an increasing number of international students.

Summary:

In summary UC does not believe that the Productivity Commission's draft findings are robust enough to support its draft recommendations.

UC views the draft recommendations as not robust, and unlikely to be accepted as a whole package and the unintended consequences of partial de-regulation pose a significant threat to the University system in New Zealand.

UC does not accept there is a lack of choice or competition in the provision of undergraduate university level provision in New Zealand generally or in the Canterbury region specifically.

UC does not believe the Commission has assessed the value of the research intensive teaching University that characterises the NZ university system.

While UC is on a recovery path following the earthquakes of 2010/11, significant change in the regulatory environment as proposed by the draft recommendations may pose a significant threat to UC by potentially fragmenting further and duplicating more provision within the region, by undermining the reputation of the system, and by mis-understanding the extent of change already under way in what is one of the world's most accessible, affordable, high quality university systems.

UC is available for further discussion or engagement with the Productivity Commission on any aspect of this submission.