



TERTIARY EDUCATION UNION
Te Hautū Kahurangi o Aotearoa

Tertiary Education Union Te Hautū Kahurangi o Aotearoa

Submission on the draft report “New Models of Tertiary Education”

NZ Productivity Commission

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“New Models of Tertiary education”

1. Introduction

The Tertiary Education Union Te Hautū Kahurangi o Aotearoa welcomes this opportunity to respond to the Productivity Commission’s draft report “New Models of Tertiary Education” (September 2016).

The TEU is the largest union and professional association representing academic and general staff in the tertiary education sector (in universities, institutes of technology/polytechnics, wānanga, private training establishments, and other tertiary education providers). Our members are passionate about their work and about the direction of the tertiary education sector. This has been demonstrated by the high levels of engagement in various fora and consultation meetings the TEU has convened to discuss the Productivity Commission’s draft report.

Whilst the draft report discusses new models for tertiary education, the TEU is firmly of the view that the tertiary education system is fundamentally stable and high-performing. Therefore any changes made to the system should be of an evolutionary rather than revolutionary nature, strengthening what already works well, and eliminating structural and funding barriers that hinder its smooth functioning.

Our response to the draft report focuses primarily on the recommendations, as well as specific commentary on the proposal for a Student Education Account. We also propose an alternative model to the highly individualistic concept of student centred learning.

2. The principles outlined in the Education Act

As the commission will know from our earlier submission to the inquiry, TEU members are firmly committed to the principles guiding the provision of education in this country outlined in the Education Act. These include the importance of institutional autonomy, academic freedom, and maintaining a diversity of provision, through a range of different providers and a regionally adequate spread of education and training opportunities.

As well, the TEU (in *Te Kaupapa Whaioranga: the blueprint for tertiary education*) sets out five principles that should inform decision-making in the sector: mana atua, mana tangata; mana whenua; mana motuhake; ahu kāwanatanga; mana Tiriti.¹ These principles form a framework that looks at the sector as a whole and all those who work and study within it. Our view is that it also forms a sound basis from which to evaluate the strengths and weaknesses of our current system and for any redesign of the system or parts of it.

3. The TEU supports a planned system that places students in context

On page seven of *Te Kaupapa Whaioranga*, the TEU states “The application of the principles of *Te Kaupapa Whaioranga* means tertiary education at all levels is and must be a public good. Treating tertiary education as a public good means the system belongs to all of us, we all contribute to it, and we are all responsible for it.” This means the TEU supports a planned tertiary education system that is focused on public good outcomes as well as the personal benefits that accrue for individuals. As such the tertiary education system must be seen as a whole, and must have strong connections with the compulsory education system.

Such a system would be designed to provide lifelong learning to the ‘student in context’. This concept sits in contrast to the proposed ‘student centred’ approach which individualises students and divorces them from important social and community connections. Student in context also allows us to think about broader needs for tertiary education – including regional, national, and international needs – and to balance these collective needs with the individual aspirations of students. A student in context model would allow students to move in and out of the system and have easy transferral of credits – this implies a much greater focus on flexibility and lifelong learning than is currently the case.

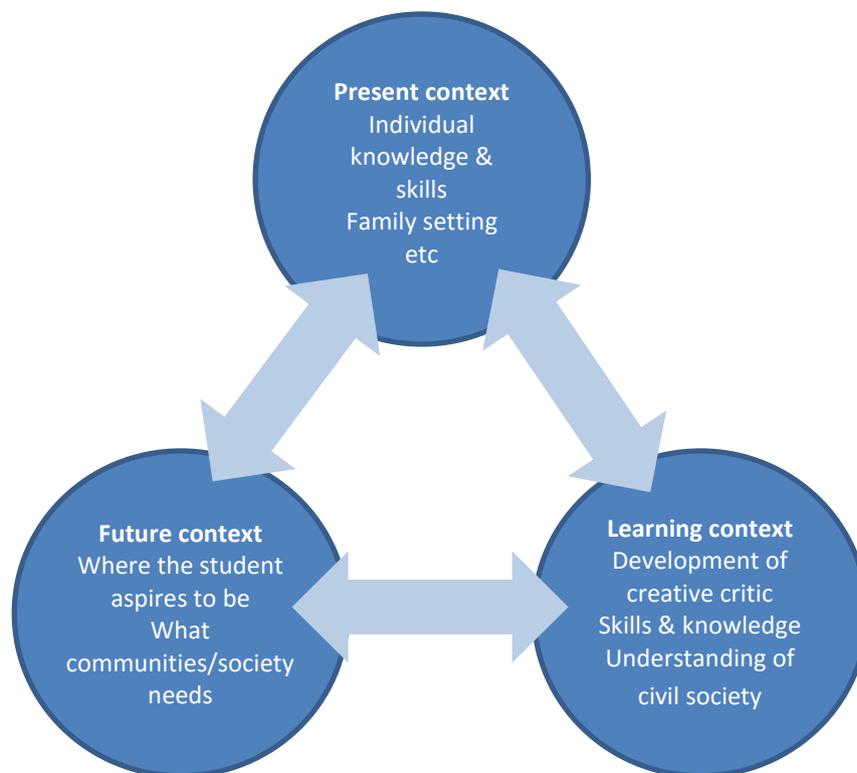
Using a student in context approach implies a system that has much more effective guidance available to students and their whānau/family, much earlier in their education

¹ *Te Kaupapa Whaioranga: the blueprint for tertiary education*
www.teu.ac.nz/blueprint

journey. The need to refocus our system back to its earlier lifelong learning goals also means this guidance must be available throughout adulthood, so that at any stage an individual can re-enter the tertiary education system.

Figure 1: The student in context

The concept is shown as a cycle, representing the lifelong learning journey each individual takes and the continuous but evolving needs of communities and society. An individual can enter and exit the cycle at any stage during their adulthood.



A model of this type means that the regulations and decisions made for the sector must first acknowledge and be built on what our society as a whole needs, and then consider the aspirations of individual students. It will then be a system designed to acknowledge and evaluate the public good aspects of tertiary education as well as meeting individual goals and aspirations.

At the highest level, public good outcomes are able to be evaluated through improved socio-economic outcomes such as health, housing and income indicators. It is therefore insufficient to construct models for governance and decision-making in the sector that

limit community representation to a narrow range of voices. A model that recognises the importance of the public good contribution of tertiary education requires a very different approach. At the sector and institutional level, this means governance and decision-making models that include students and their whānau, staff, unions, government, iwi/hapū, community stakeholders, business/industry/service providers. Anything less than this risks privileging certain voices or perspectives at the expense of others.

4. We reject a market model for tertiary education

As acknowledged by the Productivity Commission on page two of the draft report, any inertia in systems and processes within the sector is a result of constant auditing of the sector, a by-product of managerialist models imposed by successive governments. Managerialism seeks the most mechanically efficient education system and in tertiary education this has meant an increasingly narrow view of what counts as a good outcome for this public investment.

Market/business models favoured by decision-makers following managerialist theories have failed in meeting important public good tests (with the needs of the economy being only one part). Such models tend to deliver private gains for a small number and both reinforce and amplify social inequalities. Why then would we persist with these models? This concern, coupled with the highly individualistic nature of voucher-type systems lies at the heart of our rejection of the Student Education Account proposal (we discuss these concerns in detail below).

The draft report discusses (on page eight) the prospect of allowing new entrants into the tertiary education sector. This is another market-driven response to expanding choice for students, with the incorrect assertion that market competition will increase quality. Building on the strengths of our current providers and removing structural barriers that impede creativity and innovation would better deliver quality provision that meets broad public needs as well as individual student aspirations. This would also ensure the skill, professionalism, flexibility and expertise that already exists within our sector is properly recognised.

5. Student Education Account proposal

“On turning 16, every New Zealand citizen (and eligible residents) would receive an interest-bearing dollar-denominated entitlement, which they can spend on whatever (licensed) tertiary education provider they want, as long as the provider is willing to enrol them. This SEA balance would be non-transferrable. The government would top up the student’s balance in portions; say equal amounts spread over five years.”

Question 12.6

What do you think of the Student Education Account proposal as outlined in this draft report? What would you do to improve it?

A consumer model such as the Student Education Account proposal will mean the real cost of risk-taking (acknowledged in the report as necessary for innovation) being largely privatised to individual providers rather than shared by taxpayers through public funds. Providers are also likely to ‘cherry-pick’ students to ensure they maintain their good reputation and thus a market advantage. To maintain the cohesion and sustainability of the system, we must socialise its benefits and collectivise the cost of risks, not resort to devolving this to individual providers.²

A consumer model also puts the focus onto individuals and the personal benefits they may derive from tertiary education, rather than a model (such as the student in context) which acknowledges both public good and private gain. The student in context model also moves our tertiary education system away from largely market models (which privilege the individual over the collective) to a model that better reflects our shared history and the unique relationship the sector has with Māori as tangata whenua.

This consumer-centred model makes the goal of a planned system more difficult to achieve, as providers will continue to compete for students, rather than behave collaboratively in the best interests of students and our society as a whole.

² Collectivising the cost of risk does not apply to for-profit private providers who already benefit from taxpayer funds to support their individual or shareholder profits, and should not also have their failures subsidised by the public purse.

Question 12.7

What are the implications of the Student Education Account proposal for students? For providers? For industry training?

Even with a very different approach to study and career guidance, students are likely to be subjected to significant marketing campaigns as providers compete to enrol them. Such a model also assumes that students have detailed understanding of subject areas, disciplines, pedagogy and so forth – unlikely even with much more sophisticated information available to guide decisions.

The TEU supports models that allow for the dynamic interchange of learning and teaching, such as the ako model. We are not convinced that the Student Education Account proposal will make any significant contribution to this. Tertiary teachers already work hard to create these dynamic learning environments in a highly audited and distrustful environment. Imagine what they could do with stable funding, high levels of trust for their professionalism and a system that encourages student and community engagement.

The burden of risk for trialling innovative approaches to teaching and learning will fall to a limited number of individual providers, who will be forced to choose ‘safe’ courses and run compelling marketing campaigns to enrol students rather than focus attention and resources on the co-creation of lifelong learning experiences. This proposal would simply create another version of the competitive funding model which has negatively impacted on individual providers and the sector as a whole.

Industry training is likely to experience similar impacts to those experienced by providers - ITOs will expend resources on marketing rather than focusing on setting up and monitoring apprenticeships and workplace training.

Question 12.8

What are the implications of the Student Education Account proposal for innovation and the emergence of new models of tertiary education?

As we noted above, the proposed SEA funding model is simply another version of the current competitive funding model. Innovation and creativity flourish in environments where the hand of management is light, trust is high and funding is stable. The SEA model will not provide this.

Question 12.9

Are there alternative models that could shift the tertiary education system from being provider-centric to being genuinely student-centric?

The student in context model we outlined above recognises the importance of individual engagement in study/learning decisions, but tempers this with the understanding that society as a whole rightly has an interest in education, skills and knowledge development. A model that provides stable funding to a diverse range of providers working in a high-trust and collegial environment is much more likely to result in the sharing of best practice and innovation in teaching, learning and research. Models that encourage competitiveness also encourage silo-type behaviour between providers and individual staff. Teaching, learning and research are by nature collaborative activities, and as such the model that shapes its governance, decision-making and other responsibilities should reflect this.

6. Recommendations the TEU supports

Our overall aim is to see a tertiary education sector that is focused on education as a public good, delivered through a collaborative, flexible and diverse system. The system will encourage co-production of learning, having the concept of ako at the heart. It will prioritise high levels of effective engagement with students and staff, with whānau and communities, and with industry/business and service providers. To this end, the TEU supports recommendations from the inquiry that are likely to facilitate these goals.

Recommendation 12.1

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.

The TEU supports this recommendation. The tertiary education sector is required to work with a plethora of government ministries and agencies who have responsibility for both regulation and purchasing decisions for the sector. This increases administrative and compliance requirements in the sector and also often means replication of effort. Developing a much more streamlined structure for regulatory and purchasing functions will address this but also importantly will assist in maintaining a cohesive approach to provision in the sector.

As part of this approach, the TEU would recommend moving Vote Tertiary budgets back into Vote Education – this would reinforce that education is one sector and should be considered holistically.

Recommendation 12.5

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.

The TEU supports this recommendation. Penalising providers in the case of student transfer or employment contributes to a climate of risk aversion. This recommendation also recognises that learning is usually a lifelong journey and does not necessarily take place in one seamless episode.

Recommendation 12.6

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.

The TEU supports this recommendation to the extent that we support flexibility for students in their learning journey. However this flexibility must be matched with good systems to ensure coherence in a student's study choices (as far as this is possible) and proper quality measures and monitoring of programmes.

Recommendation 12.7

Government should discontinue Performance-Linked Funding.

The TEU supports this recommendation. Performance linked funding, whether linked to teaching or research has been shown to further reinforce competitive behaviour which undermines the kind of collaboration needed to sustain a quality tertiary education sector.

Recommendation 12.33

The Tertiary Education Commission should, in consultation with providers, set – and stick to – a reasonable deadline by which they will confirm funding allocations.

The TEU supports this recommendation, which will allow providers to better plan courses and programmes. We note that a more stable funding cycle (i.e. removal of contestable funding as a significant part of funding) would also assist.

Recommendation 12.9

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.

The TEU supports this recommendation. We note that career education should also include a significant focus on the contribution that education makes to societies and communities, not just to employment.

Recommendation 12.10

Government should consolidate and improve the array of official information sources about study and career options aimed at prospective (and current) tertiary students.

The TEU supports this recommendation. At present this information is not readily available in one place; this recommendation would assist students and their whānau/family in having all the necessary information readily accessible.

Recommendation 12.11

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 review.

The TEU supports this recommendation. However a detailed conversation needs to be held with the sector about how providers become a high-trust provider. Years of managerialism in the sector have undermined confidence and providers need to be supported to make this change. There also needs to be acknowledgement of a 'risk taker category' in line with our comments about risk and room for failure (responding to Recommendation 12.8).

Recommendation 12.13

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.

The TEU supports this recommendation, particularly with regard to providers who may attain high-trust provider status.

Recommendation 12.15

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.

The TEU supports this recommendation, noting that any changes to degree approval processes must maintain transparency of process and be administratively efficient.

Recommendation 12.18

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.

The TEU supports this recommendation. The service should also be available to students with qualifications attained from providers abroad, particularly those that have already established qualification recognition agreements with New Zealand.

Recommendation 12.30

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.

The TEU supports the intent of this recommendation, as it is likely to contribute to greater flexibility for student study options, however the details of this proposal need further discussion with the sector.

7. Recommendations the TEU does not support

Recommendation 12.12

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.

The current system administered by CUAP means that a consistent quality lens is applied over all university programmes. In the past five years, 99.7% of all CUAP

proposals were approved. Of these, 22% were modified in some way, but in most cases it was simply providing more detail or answering questions. This is one of the reasons all eight of our universities are so highly ranked and why we have good completion and graduate employment rates.

Overall CUAP works well and our view is that this model is better than the alternative of every university setting up its own quality moderation processes. A system where each university individually undertakes course development and quality control means administrative duplication and could lead to variations in quality. Such an individualised approach also undermines useful collaborative work between institutions.

Recommendation 12.14

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.

It is unclear whether this recommendation is referring to allowing out-of-region provision and/or within region changes in location. If the former, the TEU does not support the recommendation. In a system of nationally and regionally planned delivery, regional providers would be fully occupied with providing tertiary education for their local communities; national providers would also have a clear and agreed strategic direction.

If the recommendation is referring to changes within regions, this would still need discussion with affected students, communities and business/service providers.

Recommendation 12.17

Government should relax its statutory requirements for research-led teaching of degrees.

The TEU rejects any recommendation that proposes de-coupling research from teaching. Such approaches have been shown to create two-tier systems which

contribute to elitism. As well whilst research has shown that direct causality between teaching quality and research is difficult to attribute, given that our tertiary education institutions are meant to be places of knowledge expansion and creative endeavour, it seems sensible to maintain this connection. However amending the statutory requirements to differentiate between research, scholarship and practice-based teaching (i.e. teaching directly informed by practice) would support the different types of programmes currently offering degrees in different contexts (university, ITP, wānanga).

Recommendation 12.23

Government should abolish University Entrance, leaving all universities free to set their own entry requirements.

The TEU does not support this recommendation. Such a model is likely to result in a two-tiered, elitist system, as well as create unnecessary complexity for university entrance requirements.

Recommendation 12.29

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 the government's costs in running the scheme.

The Student Loan Scheme is already an income-contingent model. These models act as a block for some individuals considering entering tertiary education, especially those who have low-income family backgrounds. Any changes to student support must operate from a first principle that anyone, regardless of socio-economic status, should be able to enter tertiary study of their choice without fear of a crippling financial burden during and at the end of their study.

8. Recommendations needing further development or clarification

Recommendation 12.2

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.

The TEU is largely in support of this recommendation, however we would like to see closer consideration being given to how to evaluate the 'public good' component of provision. We expanded on how this could be achieved in section 3 of this submission.

Recommendation 12.3

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.

The TEU agrees that a new quality control system needs to be developed for the sector. However our view is that this should be developed with the sector as a whole, rather than imposed by the Ministry.

Recommendation 12.4

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, provide 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.

The TEU is broadly supportive of this recommendation, however our concern is that if not properly contextualised, such an approach could lead to emphasis on a narrow range of education and training that has a direct link to specific occupations. When publishing this information, it should be clearly set in a context that recognises and

values the public good benefits of the breadth of tertiary education, not just those study areas that lead to a defined job.

Recommendation 12.8

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 license to operate. The thresholds should be clear and any changes publicised well in advance.

We suspect that a major driver for this recommendation is performance issues with a number of private for-profit providers, which has seen these businesses go bankrupt and/or unexpectedly cease to operate. As it is written the recommendation is probably relevant for this type of provider. However it is problematic for public providers and needs much more refinement and clarification to properly consider the ‘public good’ status of these institutions. As well, the need to allow for a degree of risk in some programmes at different times so that innovative practises can be trialled requires space for failure without fear of funding loss or closure.

Recommendation 12.16

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.

Any formal framework for assessing teaching standards must be designed by those in the profession and to suit different provider types. For example the model used in the ITP sector which favours a formal qualification, is not generally used in the university sector. And yet both provider types manage to create quality teaching environments and maintain quality standards. Any framework must also operate in a context of trust, drawing on the expertise of peers. The concepts in the student in context model are relevant here – viewing teaching practice in the context of the particular environment, student demographics, subject area and so forth.

Crucial to the development of any formal frameworks would be an assurance that there would be no link to remuneration or promotion.

Recommendation 12.19

The Ministry of Education and the Treasury should review the current regulatory arrangements, with a view to separating the government's fiscal exposure to tertiary education institutions from its responsibility to protect the interests of students.

This recommendation needs to differentiate between for-profit private providers and public tertiary education institutions. For-profit private providers are businesses and as such the government has no responsibility to bolster their profits, but does have a responsibility for ensuring student interests are protected.

Maintaining our public tertiary institutions is another matter entirely – the government in this instance has a responsibility to taxpayers to protect their investment whilst ensuring public investments are appropriately used. Therefore the TEU's view is that the government must retain fiscal responsibility for public tertiary education institutions, and protect public investment through a sensible array of accountability measures.

Recommendation 12.20

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:

- *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*

As we noted above in Recommendation 12.19, TEIs are public institutions supported by public money. The government therefore has a duty and responsibility to maintain oversight of these institutions. However if financially competent TEIs are identified they

should be able to have greater freedom to manage their assets, but the government must retain responsibility as a guarantor of creditors. Retaining a public system of TEIs is part of the responsibility of government, and any fiscal risk is able to be managed through appropriate accountability measures.

Recommendation 12.21

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.

We are unclear what evidence supports the statement that TEIs are using assets and land inefficiently.

Recommendation 12.22

Government should:

- *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.*

The TEU supports the first two parts of this recommendation; they contribute to reinstating the importance of lifelong learning and flexibility of provision. The third part of the recommendation requires much more discussion – for example how might this training be differentiated from degree-level education? How would minimum standards be guaranteed?

Recommendation 12.31

The Ministry of Education should review the funding rates applicable to New Zealand and Managed Apprenticeships, with a view to equalising them.

Our understanding of the different rates between New Zealand and Managed Apprenticeships is that this reflects the higher capital costs for ITPs as well as access to teaching professionals and other resources of a teaching institution. On this understanding we are therefore unclear why equalising of funding rates would be warranted.

Recommendation 12.32

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.

The TEU has some reservations about this recommendation. In showing the full cost of education and training being undertaken, students should also be provided with the context under which education is funded – that is, noting the social gains (public good) that are obtained from a well-educated society. Otherwise this recommendation reinforces the erroneous belief that education is a pure transaction (in much the same way that one might purchase an item of clothing). We also note that it is not the government's contribution to education that subsidises an individual's study, but rather society through the taxation system.