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NEW ZEALAND PRODUCTIVITY COMMISSION
NEW MODELS OF TERTIARY EDUCATION (DRAFT REPORT)

I wish to make one vital comment in the context of tertiary education, that if unpacked and meditated upon carefully, steps us outside the current worldview paradigm that leads us into the inertia spoken of by the Commission. And reduces the chance of recreating more inertia in the future.

A viable model is one that has the requisite variety to respond to the variety in the environment.

I don't think its too late for the Commission to consider adjusting slightly its approach to this Inquiry to think about how the information and feedback it has received could fit inside a different definition of viability, in moving forward in forming its advice to Ministers.

The definition used by the Commission of a viable business model being where *revenues will cover or exceed its costs over the long term* is a purely financial, commercial definition that assumes somehow the non-financial, intangible, intrinsic value of systemic public good outcomes will appear from the actions of a whole number of individual players (page 10 of the February 2016 Issues Paper):

A viable business model is one where revenues will cover or exceed its costs over the longer term. Perhaps most importantly a business model articulates the purpose of the business or, to put it another way, what business the organisation thinks it is in.

Additionally, the definition used by the Commission of "new models" is vague and reinforces the idea that it's the Government who knows best on deciding the parameters of what "new models" are, and how best to achieve them (page 11 of the Draft Report):

What are new models?

"New models" are new and improved ways of adapting to change and achieving an end. In this inquiry, and in line with the terms of reference, the Commission defines new models broadly (while focusing on teaching and learning, rather than on research). New models could be improved ways of facilitating learning or better ways of delivering tertiary education. New models could also potentially include different policy, regulatory, funding and quality assurance arrangements.

The scale in diversity of business models in the tertiary sector from the University of Auckland down to modern apprenticeship coordinators is vast; as I'm sure the Commission appreciates.

The criticism the Commission makes of the sector in various sections of its reports i.e. providers are incentivised to respond to government regulation rather than learner need, is the same criticism I make here; since when did the Government become the expert in determining what these "new models" are?

For example, there is no "end" in terms of providing a viable business model. Viability means that if desired, the model continues operating forever. When the term "improved" or "better" is used by the Commission, improved or better to what? Rather than adapting to change, isn't it better to encourage the system to become that change itself?

Effective change management

The rate of change in the NZ and global environment / culture is accelerating, and this change is not incremental – its quantum. Many commentators state we are in the age of the **Black Swan** where unlikely events with major impact, are becoming commonplace.

By the time the Commission, or the Government, may have decided to recommend introducing a Student Education Account of \$45k, altering the EFTS learning/pricing construct, or three years of fees free Tertiary Education (Labour – Future of Work), or an Unconditional Basic Income (Gareth Morgan The Big Kahuna and remains to be seen if this policy is taken up by The Opportunities Party), proposals all of which could alter behaviour but only within the confines of the system (i.e. not a step change), the environment may very well have shifted significantly already.

One only needs to look at the multiple and costly attempts the Government has interfered with the structure of the TEAC, the TEC, etc and then the multiple restructurings of the TEC itself by its Board within a very short period, to see that collectively we are missing something fundamental to creating a system with the appropriate **agency** at all levels of learner need (where all actors have the capacity to act within their given environments).

The **ability to execute** is the single most important factor in any change management program. I haven't been able to find the ideology used by the Commission in determining how any of its recommendations if adopted, would lead to a "viable system" once operationalised. It seems to be change for changes sake – just more of the same. This is not just about discussing if the proposed changes are correct; it's more fundamental than that – it's questioning the rationale for how are we going to measure or evaluate if this change works? What is the baseline performance to be measured against? What will make this change management program different to the many others undertaken?

What is to stop the same conditions of inertia, and sub-optimal performance we currently face, from happening again in five years time? What's going to prevent

the need for constant meddling in the regulatory framework by government in the future? What impacts will any changes to the tertiary system have on the compulsory education system, and then if the compulsory system reacts, will that then misalign the tertiary system again?

Leverage Points – places to intervene in a system

Making transparent the mindset and worldview underpinning the formation of the public policies and programmes that support agency is an important element of constructing a viable system.

The Commission is looking at breaking open the EFTS, which is a unit of learning, tied among other things to the striking of fees and subsidies. This might be useful, yet altering subsidies are considered to be the least effective approach to improving a system¹. Price in a social outcome setting is a poor proxy for value.

The Commission has suggested providing TEIs with more autonomy and responsibility. This might also be helpful, and although this leverage point is higher up on Meadow's effectiveness scale it is still low in overall effectiveness.

I'm advocating that we go for two of the top three effectiveness leverage points – the goals of the system, and the mindset or worldview paradigm out of which the system itself arises.

The Origins of Education

On Page 1 of the Draft Report, a brief discussion of "*Why does tertiary education matter?*" is presented. What's missing are the theological worldview or the cultural paradigm that education itself arises from. We may think that there is a separation between religious and secular policy, but this is naïve. In fact, many commentators bemoan the use of the market, as the new "God".

The origins of the university system came about when secularism split with the Church and the scientific process was applied to answering ontological questions about our existence, separated from scripture. The aim of the university system was to more objectively answer fundamental questions about "desolation / isolation" of the human condition; what makes a human conscious? What gives us meaning? What makes us happy and encourages altruism – promotes peace?

Over time the university system has drifted from that purpose, it's now about vocational lifetime earnings and material scientific research – not research into consciousness or how to make a more civilised society. Universities do question, but only within a narrow range of challenging cultural beliefs at the margins. Fundamental challenges of the accepted narrative are discouraged e.g. studies on how the academic community completely toes the line with the official 9/11 narratives makes compelling reading.

¹ Donella Meadows, Sustainability Institute, December 1999

I've often wondered where the role of the tertiary education institution enshrined in the Education Act, to be the **conscience of society**, has ended up in the Commission's deliberations? What model does that function fall into?

The Genius Project

Our mass culture in NZ operates with the worldview that sees the birth of a person as a blank slate (tabula rasa), empty, the infant mind having no innate ideas, born into a random world. This worldview often leads to despair and a lack of meaning for many individuals.

The original meaning of "education" was twofold, to firstly teach the individual common skills on how to become a member of a society if they so wish, and secondly, to draw forth from that individual their Soul's calling, or their genius. Genius is the combination of the **gifts** a person has to give; the **talents** they might bear; the **style** in which they live it; and the **uniqueness** of their very deep self.

Revealing genius is a unique path and as such it eludes systemic thought. It is heterogeneous. It goes beyond paid employment. It goes beyond the fixed price contracts and often consequential "**lack of trust**" embedded in the neo-liberal machinery of the Public Finance Act, Education Act, State Sector Act, and Crown Entities Act.

Education was about "drawing forth". Once the genius is revealed, other people who have similar genius and have experience in using it, then instruct the person in how to use it best for themselves and the culture. The idea of culture was originally to cultivate the genius elements in all of us. Instruction originally means to "pack in".

As a culture, we have reversed the meaning of education – we use it to "pack in" from a very early age, and we have distorted the meaning of value so that the market values people on the basis of how much material wealth they consume or earn; no longer do people have an **absolute value**.

The core economy – that which raises children, keeps neighbourhoods safe, makes democracy work, fights for social justice, is not monetised, yet without it the economy would crash.

I wonder what a Tertiary Education Strategy would look like if we adopted the worldview that the core role of the entire education system is aimed at bringing out every person's genius quality? That every person from birth has an absolute value regardless of the material possessions they consume or display.

Anti-fragility

Page 10 of the Draft Report discusses a more resilient system. I would advocate the Commission familiarises itself with **anti-fragile** systems theory,

where randomness, complexity, and chaos strengthen the system rather than us talking about the tertiary system just being resilient, or robust.

Complexity Theory

I'm not going to go into this in any detail as other researchers have done a much better job than I could ever do². I just want to point out that the higher education sector is at the end of the education / instruction continuum, and as such we can spend an enormous amount of time and money attempting to improve, or make better the tertiary system. But it's being done in isolation; so how effective is this going to be? The initial starting conditions within any system are absolutely paramount of importance to the performance of the end.

And we know that fixed price contracts often fail to take account of outliers that occur. You can be right for 100 days but that doesn't mean on the 101st day all your assumptions go out the window.

Young Adult's Environment

Young adults generally recognise the tertiary education system is gamed, the fees are an oligopoly / cartel – price sensitivity is low – students make their tertiary choices based on many other non-fee factors (preferred location, family, accommodation / living costs, reputation).

They recognise the mainstream media, and public policy, reinforces the structural inequalities seen in NZ culture – **scapegoat economics**. They know that most revenue growth goes to the wealthiest 1%. They know, that real salaries and wages are falling, and that capital is being given a free tax ride, and subsidised by PAYE earners.

They know there is **willful blindness** to the housing bubble; that it could be solved in seconds by removing the ability of people to claim interest as a loss for investment property against their PAYE.

They know there is a **democracy deficit**; that previous generations enjoyed low cost education, economic policies of full employment, tariffs on imports, low house prices, and the Crown had a much stronger balance sheet. They know a small cabal of people harvested the equity from that balance sheet during the NZ Experiment, and we all suffer greatly from that today.

Some know, that the NZ Economy is fragile, and vulnerable to the Aussie owned banks, that our main growth areas are FIRE – finance, insurance, and real estate, a form of disaster capitalism. Dairy prices could further crash at any moment.

Many know, the 1% cherry pick evidence, and control the mainstream narrative. And many know that the issuing of digital currency by private banks out of debt, money that banks do not physically have, is fraud.

² Applying Complexity Theory to NZ Public Policy, Eppel, Matheson, Walton, Feb 2011

CAANZ has predicted up to 50% of jobs will be automated by 2050. The future of work is uncertain.

I agree with the Commission that it is important to change the tertiary system to make the student the driver. It's also important that society be prepared for the legitimate rage that these young people may raise.

Observations

The biggest observations I have with the Draft Report are:

1. The lack of weight and coverage given to the quantum factors, which are identified in the mode of discovery (complexity, heterogeneity, and diversity) and in my opinion are associated with mythos, not logos (the mode of validation).
2. You can't create and deliver, by unilateral delivery systems, health, education, welfare, community, justice or democracy. These involve a fundamentally different relationship with the people we are "helping". We have to enlist these people as **co-workers** and **co-producers** of the outcomes we are seeking to achieve. I doubt the Commission has the mandate to recommend changing the neo-liberal embedded worldview in the Crown's legislation, which restricts funding to a homogenous output framework, rather than the heterogeneous approach we really need.
3. The scope ignores the massive social changes occurring right across the globe in the political and economic spheres that Young Adults are now tapping into; the Commission had no control over that, but by altering its definition of business model viability – it could still make a tremendous difference to the lives of ordinary New Zealanders.
4. Technology, automation, and serious questions around the future of work itself are calling into question the very nature and role of higher education – do we even need three, four, five years of tertiary study?
5. The scope of the review excludes the theological definition and origin of education versus instruction – the cultural bias that New Zealand has – again, the worldview.
6. The scope is decoupled from the compulsory education sector. This is a serious omission when considering new models. Who's to say that we aren't better off dismantling the entire primary and secondary school system and simply orienting education and instruction, to the genius project? Why aren't universities, ITPs, and high schools co-locating? Why haven't we gone for assessing a hub and spoke model? The Commission had no control over the scope, but again, could still make a very positive difference to the empowerment of New Zealanders and life long learning efforts, by changing the definition of business model viability.