

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
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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

While marginal cost of teaching an extra student is less than the average cost, there comes a point at which there is a disbenefit to students of adding extra students to a course. Education, at heart, is about dealing with individuals. The larger the course, the more challenging it is to provide any individual provision.

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

A university is expected to be a multi-generational, century-spanning entity. Four of New Zealand's universities were founded before 1900. An organisation that intends and expects to exist in perpetuity has a different approach to capital structure to one that might expect to last no more than decade or two.

For example, the University of Cambridge comprises 31 legally independent colleges, founded between 1287 and 1980. Each of these began life in rented premises, with a hand-to-mouth income stream. Despite the vastly different economic circumstances over the centuries, every one of those colleges found it beneficial to move from a hand-to-mouth existence to a long-term approach where they had significant fixed assets and, in some cases, a substantial investment portfolio to support their upkeep and operation.

If New Zealand's universities are expected to be generation-spanning, and I believe they should be, then they can be expected to have significant fixed capital costs.

Q11

What are the benefits and disadvantages, in terms of students' learning outcomes, of bundling together research and teaching at universities in New Zealand?

Page 14

Continuing professional development is necessary if a professional is to keep their edge. In University teaching, one key role of research is to keep the professional engaged with the cutting edge of their subject. At the advanced levels of teaching in universities (i.e., honours, masters, PhD supervision), research is the *only* way in which a professional can keep current with developments and advances in the field. Therefore, to provide the best higher-level teaching in our universities, we must require that the professionals engaged in teaching are also engaged in research. We need a certain number of universities that engage in teaching at the highest level and, in these institutions, research and teaching are inextricably linked.

Q13

Do New Zealand TEIs cross-subsidise research with teaching income?

Page 14

The report appears to imply that such cross-subsidising could be considered wrong. If research feeds into better teaching, at least at the higher levels, (see answer to Q11), then there is a strong case that some teaching income should be used to subsidise research.

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

My experience of Victoria University is that it pays careful attention to quality of teaching during recruitment and that it has an excellent internal Centre for Academic Development that supports development of teaching practice.

With regard to professional *qualifications* in teaching, the Commission needs to consider that a university academic has a portfolio of tasks, that include teaching, research, and management. A university academic spends relatively little time in face-to-face teaching, when compared with the time spent by a primary or secondary teacher. Rather than requiring a qualification in teaching, it would be more appropriate for a university academic to engage in continuing professional development across all of the skill areas required for the job: teaching, research and management.

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?

Page 21

The report appears to assume that a tertiary education is about getting a set of "skills" that are useful to employers. This is a narrow assumption. A tertiary education should be broader: graduates should have learnt how to think, to analyse, to construct arguments, and to know how to seek knowledge and further education for themselves. For example, a degree in mediaeval

history may appear, on the surface, to provide its graduates with no useful knowledge or skills that would be usable by employers. A fuller understanding is that a degree in mediaeval history provides its graduates with a wide range of useful transferable skills that can be employed in a wide range of positions, and that can be used to learn new skills as the need arises throughout their career.

Q28

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

Page 31

Where international students come alongside New Zealand students, to study the same material on the same courses, they can complement and improve the experience of the New Zealand students and help to maintain courses that might otherwise be unviable.

Where international students are seen as “cash cows,” the situation becomes bleaker. In the UK, even the best universities have faculties that have concentrated so much on Masters courses for international students that the local undergraduates suffer as a consequence, because staff time is sucked into servicing the international market.

Q30

What are the best measures to determine whether the tertiary education system is working well?

Page 36

All measures are flawed. There is no good way to measure what is really important: the improvement to the quality of life of the people who graduate from tertiary institutions and the improvement to the quality of life in the country generally that can be attributed to the tertiary education system.

The challenge for Government is that whatever metric it chooses to use will then be deemed to be *the* important metric, and tertiary institutions will strive to match it. This causes distortions in the system. For example, the introduction, in the UK, of the Research Assessment Exercise (RAE, later the Research Evaluation Framework—REF) caused many institutions to divest themselves of academic staff who were excellent at teaching but poor at research (see also answer to Q59). It led to a general improvement in the number of measured research outputs but arguably a reduction in the quality of teaching. A further example of practice being skewed by a metric is the requirement, by the TEC in New Zealand that, on any funded course, a certain minimum proportion of students must pass the course. On a challenging course that attracts a substantial number of weak students, this metric inevitably leads either to grade inflation or to dumbing down the material.

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

There is considerable threat to a range of jobs. Where new roles are created they will likely require a higher level of skill than the jobs that are lost. But it is not clear that those new roles will actually be created. For example, driverless cars may produce a small number of new jobs in the car-servicing industry but nothing to compensate for the vast number of unemployed drivers.

Tertiary institutions can rightly engage with the re-training and re-skilling required for new roles. However (see answer to Q17) a good university education should have *already* provided a graduate with life-long skills in ways to acquire new knowledge and new training for themselves. There is therefore a case that a solid education early on will stand a person in good stead for life.

With regard to the likelihood that new technologies will likely lead to there being a decreasing number of jobs overall, it may be that we need to reconsider the role of education. Far from being considered a means-to-an-end (i.e., something that prepares you for work), it may need to be considered as an end in its own right. There are already many examples of people engaging with tertiary education essentially as a form of entertainment, but a form of entertainment that stretches and develops the person. For example, the University of the Third Age is certainly not about training people for work, but about providing people with something meaningful, that engages their brains, and is achieved within a social context (see also answer to Q43).

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

The effect noticed in the UK, at the University of Cambridge, was that the introduction of tuition fees dramatically reduced the number of UK students going on to Masters and PhD study. If this is reflected in New Zealand, then it means that the country is losing out on the advanced training that provides graduates with the skill-set to innovate and develop new intellectual property, new ideas, and new industries.

Q43

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

Page 67

The commission's report (Figure 32) reproduces a hype cycle diagram. This is misleading because it implies that all the technologies going through the cycle reach the "plateau of productivity". It fails to acknowledge that some things go into the "trough of disillusionment" and do not come out of it. For example, 3D movies had at least four hype peaks before the current one, with decade-long gaps between peaks. Virtual reality had a big hype peak in the 1990s before vanishing for 15 years. Just because something has been hyped up does not mean it is going to end up on the "plateau of productivity".

MOOCs were an interesting example of a hype bubble. They seemingly offer a solution: education at a distance, of masses of students, at relatively low cost. However, the idea is not new. Textbooks have existed for over a century, but the existence of textbooks did not stop students attending university. The Open University in the UK and Massey University in New Zealand have offered distance learning for decades, but this extramural study did not come to dominate in either country. Since the 1980s it has been possible to record lectures, but we still believe it is important that the professor teach the class "live" each year, rather than pointing the students to the recorded videos from previous years.

There is something important about the social nature of a university, as a gathered body of students and professional academics, working together. The ability to discuss, bounce ideas off one another, and interact aids learning. Many academic staff know that students learn as much from one another as they do from the staff, and tailor their courses to encourage students to

engage with one another. MOOCs have a massive drop-out rate and extramural learning is anecdotally acknowledged as being harder than learning in a group.

Technology therefore needs to be adopted in ways that can emphasise the social nature of learning. Social media, for example, are used by some courses as ways for students to discuss assignments without having necessarily to meet face-to-face. Experience suggests that this works best on social platforms with which students are already engaged, rather than on new platforms developed specifically for teaching (e.g., at Victoria, you will find Facebook groups for some courses, despite the fact that the University has a well-supported Blackboard virtual learning environment). And, even given all of this technology, most people still need face-to-face interaction if they are to learn effectively.

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 vital to attracting internationals to the country. New Zealand is a world-leader in only a small number of specialised areas (e.g., volcanology and Polynesian studies). In those areas it can reasonably attract those who are or will become international leaders. In all other areas the “New Zealand” brand is vital to attracting internationals and has been successful in doing so.

One vital thing that must be done by providers and governments is to ensure that the working conditions in tertiary education institutions do not negate the benefits of the “New Zealand” brand. For example, in Italy, an attractive country to live in, the working conditions for academic staff are so dire (in terms of research funding, pay scales and workload) that even Italian academics would rather work abroad than work in their home country.

Q52

What can be learnt from the tertiary education systems of other countries? Are there models that could be usefully applied here?

Page 77

There are models that are certainly **not** applicable to New Zealand. In particular, many models that work in large countries could not be applied here because there is insufficient population to justify the diversity of institutions.

For example, in France, there is considerable stratification in the university system, and choice of type of university directly influences the entire flow of a student’s future career. New Zealand would not want to emulate a system where you can only get certain jobs if you attended a certain university.

In the UK, there are clear academic elites, with the top handful of universities creaming off the most able students from high school. This has the advantage that those universities can teach harder and faster, and have far fewer drop-outs, than would otherwise be possible. But this is not plausible in New Zealand where it would be hard to imagine an elite university that creams off the top 2% of students because such an institution would be too small to be viable.

In the USA, the enormous wealth of the top universities allows them to behave in ways not available to most other institutions. For example, they can charge high fees while also giving full scholarships to deserving cases, so making education available to many highly-able students

who would not be able afford the fees. One model that could usefully be applied in New Zealand is the US culture where it is expected that successful alumni will give financially to their alma mater. However, it would take decades or centuries for an institution to build up substantial wealth. The best examples in the UK (Oxford and Cambridge) have had 800 years of donations and still do not approach the wealth of their younger counterparts in the USA.

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

There seems to be little difference between New Zealand and other countries. I do not recognise more inertia in New Zealand than I saw in the UK. Indeed, Victoria appears to be more innovative in its approach to teaching than Cambridge, though there is much to be said for the fact that Cambridge’s teaching system has proven successful over centuries, with slow evolutionary rather than revolutionary change.

I believe that there is a risk here that the Commission is looking at outliers (the most innovative providers) when looking for institutions against which to compare New Zealand providers. The outliers are almost certain to be in other countries because of the sheer number of providers in other countries compared to New Zealand. Even if we consider only the top 500 universities in the world, New Zealand still has only eight of them.

It is far too easy to point to outliers in other countries and say that New Zealand is not innovative, when the reality is that most tertiary institutions overseas are in much the same position as the New Zealand tertiary providers.

With regard to universities: universities world-wide face the same challenge when innovating, which is that the innovation must be carried out by the individual academic working on a particular course. The development of a university course takes a great deal of concentrated effort and time. It is extremely time-consuming to prepare and teach a new course or to innovate in the way an existing course is taught. It takes much less time to prepare for a course that has been taught before, in the way it has been taught before. Given the considerable conflicting calls on an academic’s time, this means that there must be very strong incentives for an academic to innovate in teaching a course.

I believe that a misconception in the Productivity Commission’s report is that it is phrased in terms of innovation being done by **institutions** when, in fact, teaching innovation can only be implemented by an **individual academic** teaching a particular course. The question then becomes: what can be done to encourage individuals to innovate?

Q62

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

Page 81

The key challenge here is that the Productivity Commission is thinking in terms of institutions innovating, whereas the actual innovation must be implemented by individual academics.

The chief barrier to innovation in teaching in universities is that it is not rewarded at the individual level. Consider the academic staff of a university a university as a cooperative of independent consultants: each balancing a portfolio of teaching and research. Rewards (e.g., promotion,

recognition, reputation) are largely awarded for innovative research. Designing a new course, or a new way to teach a course, takes around ten hours work for every contact hour with students. There is therefore a significant time cost in innovation in teaching, which may be recognised but is rarely rewarded. An effective, innovative teacher may receive much local praise but will not gain the wider recognition or other rewards that are awarded for good research. The PBRF has, of course, skewed this even further by rewarding *universities* for good research, so universities now prioritise academic behaviour that produces good research.

It must also be remembered that academics are largely not motivated by money. If they were they would be unlikely to work for a tertiary institution. They are motivated by a range of other drivers, including personal satisfaction and the esteem of their peers. The latter is expressed in promotion, titles, prizes and international recognition. Whatever we may wish, there is no international recognition for good teaching or for innovative teaching; whereas there are plenty of ways to gain international recognition for good, innovative research.