Universities New Zealand -Te Pōkai Tara- submission to the University Advisory Group

This submission is from Universities New Zealand – Te Pōkai Tara. If you require further information on any matter in this submission, please contact Chris Whelan, Chief Executive of Universities NZ – chris.whelan@universitiesnz.ac.nz or 027-242-5886.

Introduction and Overview

Internationally, where universities are located within mature democratic societies, they serve a similar range of roles. They:

- Foster equitable social mobility.
- Generate ideas and skilled graduates that underpin productivity and prosperity.
- Pursue credibility internationally so they can generate cross-border collaborations and people-to-people links.
- Connect their countries to the global frontiers of ideas and knowledge.
- Support social cohesion and the values that underpin an inclusive and tolerant participatory democracy.
- Test ideas and help countries navigate complex issues and problems.
- Drive social, economic and cultural activity in the regions they are located.

These are all roles New Zealand universities support and strive to do well. Left to themselves, New Zealand universities will continue to drive all these goals to the greatest extent they can within current policy and funding settings and within the particular context of New Zealand and Te Tiriti o Waitangi.

By every metric, New Zealand has one of the world's most effective university systems. In terms of teaching, we enjoy some of the best progression rates, best completion rates, highest graduate employment rates, and lowest rates of graduate unemployment. By international standards our research is high quality and impactful. Every university is ranked in the top 500 internationally.

We have achieved that quite efficiently. According to OECD data, we achieve our outcomes with 88% of the funding per student of Australia, 80% of the funding per student of Canada, 66% of that of the UK, and 54% of the US[1]. We have fewer universities per head of population than the countries we normally compare ourselves against. We have 1 university per 650,000 people, as compares with Australia at 1:598,600, the UK at 1:480,900, Canada at 1:402,600, and the United States at 1:126,800.

As a small geographically dispersed country, it is a strength that we have eight universities which are all (a) of uniformly high quality, and (b) mostly comprehensive. The large majority of our young people do not have to leave their home region to get a quality university education within or across the disciplines of their choice[2]. Going to the local university is never a bad

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[1] https://data.oecd.org/eduresource/education-spending.htm#indicator-chart
[2] Around 42% of students currently study away from the region where they went to school. This average hides considerable variation. For example, 48% of NZ European and 53% of Māori study away from their

choice for a student. Our universities are major sources of skilled capable graduates for employers located near to them.

What is expected of our universities?

In the main, for our universities to best serve New Zealand now and into the foreseeable future, they will need to balance competing expectations around their role and mandate. These include:

- **Teaching** – providing a good learning experience for diverse student groups, which produces graduates ready for a wide range of careers and lives.

- **Qualifications** – producing graduates with skills and knowledge required by employers and with qualifications that employers understand and trust. The decision to hire a staff member is a significant risk for an employer. Universities reduce risk for them when they know exactly what skills and capabilities a graduate should have if they hold a particular qualification and when experience tells them that graduates from a particular university are generally capable and effective.

- **Research** – producing high-quality research that has value economically, socially and/or culturally.

- **Knowledge transfer** – transferring knowledge and ideas to inform understanding, policy and practice across communities, government and business.

- **Equity** – overcoming barriers that prevent some learners from being able to pursue or succeed at university study.

- **Flow-through benefits** – supporting the economic, social, cultural and soft-power returns from international education.

To deliver on these expectations, universities must successfully foster the following:

- **Academic capability** – recruiting and retaining top teachers and researchers, many of whom can work anywhere in the world and who will work only for institutions that do both research and teaching and that conform to broad international norms for what is and isn't a university.

- **International reputation** – maintaining rankings and other indicators that both staff and students rely on to inform where they choose to work and/or study.

- **Study/work experience** – ensuring that both students and staff enjoy positive, satisfying, supportive and safe study/work experiences.

- **Governance** – ensuring universities remain viable in the long-term and are able to retain the staff and infrastructure that underpin all other goals and objectives.

All these requirements are interdependent, and universities must balance all of them with finite resources.

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home region as compared with 23% of Pacific, and 22% of Asian and other ethnicities. 80% of students at university in the Auckland region were previously at school in the Auckland region as compared with just 15% at the University of Otago. These figures come from an IDI analysis carried out by Universities NZ on everyone who graduated from a New Zealand university in 2012 with a bachelors degree.

Future of universities – in New Zealand and internationally

We anticipate that a number of current trends will continue.

1. New Zealand will continue to develop as a knowledge economy. In Census 1996, 33% of jobs in the economy were the sort that, if advertised today, would require a degree qualification. By Census 2018 that had grown to 62%. We see that the future of New Zealand is increasingly built around a knowledge economy where higher education is the key to success.

2. Per-capita income and quality of life will jointly be essential for New Zealand to continue to attract and retain a skilled workforce. Both are going to require a workforce that is more skilled, innovative, and productive.

3. Technology will continue to evolve in ways that see continuing changes to industries, jobs, and organisations – particularly as AI develops. We can make some fairly sensible choices about current technology and how to use it in the near term. Predicting further out is fraught with uncertainty, hype, and risk. The ability to effectively adopt and adapt technology is and will remain more important than trying to pick and commit to some hypothetical future.

4. There will not ever be a one-size-fits-all model for higher education. Students have different motivations and preferences. Employers have an equally wide range of needs and preferences. The best thing universities can do is to ensure that all graduates have a good mix of generic/transferrable skills and competencies to help them successfully navigate complex lives and careers. These include the skills and competencies that will make them productive, resilient, adaptive, and creative.

5. A degree will remain the minimum mandatory requirement for young people wanting to access skilled employment early in their careers. Employers will continue doing what they do now – looking for a degree as a minimum requirement for longlisting then shortlisting on other factors such as job-relevant work experience. Employers will continue to want to understand the qualifications applicants front up with and will want to be able to trust that having the qualification means the applicant definitely has expected skills and competencies.

6. Learning through predominantly in-person in structured, supportive, and engaging environments, will continue to be a dominant form of learning particularly for the first degree and for qualifications where key skills and competencies are developed in workshops, laboratories, or collaboratively with other students. Students will, however, continue to want the choice of accessing information online and participating in lectures online and/or via recordings that they can access whenever suits them. Students are likely to remain focussed on completing studies with CVs that will help them stand out to employers – including double or triple majors, specialisations, postgraduate qualifications, work experience, and/or volunteering or other extracurricular experience.

7. Distance education will remain important - but more for mature students, students who are unable to get to campus because of work or family obligations, and students who want to study part-time or to complete just a few modules while they are working.

8. The evolving workforce and job market will require more upskilling and reskilling over people's working lives. We expect future demand to grow in areas such as (a) short block reskilling and upskilling, (b) applied postgraduate qualifications, and (c) adult education to maintain and refresh skills.

9. Although a smaller proportion of the population will enter the workforce without a degree in future, a number who do will have careers that see them move into jobs that would normally require a degree. These are people who will need pathways and options that allow them to

gain qualifications flexibly and over time. They will need to be able to work towards credentials gained from a number of providers and over an extended period of time – with the pathways and providers focussed on ensuring qualifications have coherence and will mean something to employers.

10. The core missions of universities will remain on the areas outlined in the next section below: teaching, qualifications, research, service, equity, and broader flow-through benefits.

11. Although the core missions will remain mostly unchanged, there will be continual change within universities themselves to meet evolving issues associated with employer and industry needs, government policy and funding settings, expectations and preferences of students, opportunities associated with new technologies, and the expectations and motivations of people working inside universities.

Questions posed by the Advisory Group

1. What should be the primary functions of universities for a contemporary world?

This is covered in some detail above. Although the functions are often described as (a) teaching, (b) research, and (c) engagement with wider society, they can be usefully framed as (a) development of human capital and fostering social mobility, (b) development and sharing of knowledge, and (c) supporting productivity and innovation through knowledge transfer in the form of people, ideas, and insights.

As publicly funded institutions, our universities should be operating on a public good basis to the greatest extent possible.

University knowledge and research should generally not be sitting behind paywalls or locked up in patents, company structures, and other legal protections. It should be widely and freely available. Graduates should be leaving university with ideas and knowledge that drive everything from commercial innovation through to better policy. Knowledge held within universities or generated by universities should be equally widely available – readily available and actively contributing to economic, social, and cultural outcomes.

There are opportunities to unlock substantially more value from our universities. They include:

Human capital and social mobility

- Reducing barriers to degree-level education – better advice and support to capable young people and 'learning for life' strategies to help upskilling and reskilling of those already in the workforce.
- Improving the employability and post-study outcomes for graduates – qualifications that are coherent and built on graduate profiles that include meaningful degree-relevant work-experience.
- Supporting more people to postgraduate qualifications – growing the proportion of the workforce with research skills and the ability to contribute to innovation and productivity.

Development and sharing of knowledge

- Deliberately growing the research and innovation workforce in ways that support society economically, socially, and culturally. In particular; supporting more people into postgraduate research qualifications, and having a growing proportion of doctoral and post-doctoral research done with and for end-users.

- Creating and fostering connections between academic experts and end-users of their knowledge and ideas across Government and industry.

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2. What should be the long-term shape of the university sector in NZ so that it meets these primary roles?

The eight universities are already relatively differentiated to meet the needs of their students and communities. Each university is effective at navigating and balancing the wide range of expectations sitting around them. But all universities want to add more value.

Their ability to so is mainly constrained by government policy and funding settings.

The research system has a lot of entities in it when you count universities, CRIs, National Science Challenges, Centres of Research Excellence, CAPEs, etc. Although there is a lot of collaboration and linkages between these entities, there are opportunities for rationalisation to reduce overhead and governance cost.

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3. What are the barriers (excluding fiscal) that limit the universities from operating efficiently and effectively for the benefit of NZ?

We have a Tertiary Education Strategy that should be more strategic

The Education and Training Act requires that there be a Tertiary Education Strategy (TES). The current strategy was developed in 2020. The greatest strength of the TES is that it is relatively high level and non-prescriptive. Its main weaknesses are;

- For what it supposed to be a long term strategy, it doesn't have much in the way of bipartisan support across the political spectrum. It is vulnerable to changes in Government and different preferences and priorities. The current TES is very much a product of the priorities and preferences of the government as it existed in 2020.
- It is so high level that it doesn't really drive sensible long-term decisions around policy settings or investment settings.
- The TES is seen as a strategy of the TEC and MoE

Universities work with a range of ministries and agencies – particularly the Ministry of Education, Tertiary Education Commission, Ministry of Business, Innovation, and Employment, and Education New Zealand. They are all advancing Government priorities, but are not always working towards the same priorities because of the lack of a shared and agreed strategy and plan.

This means that universities are often navigating the competing priorities of the ministries and agencies, rather than being able to bring them together for something that is more coordinated and focussed.

Strategy should support institutions to be flexible and adaptive

Although we see value in a TES that has broad long-term goals and settings to support them, we would caution against anything that tries to be too prescriptive as to the priorities or shape of universities in the future.

For example, we didn't know Covid was going to arrive in 2020, but we did know that a pandemic was likely at some point. We didn't know that Artificial Intelligence was going to burst into the

world the way it did in 2023, but we did know that technology continues to rapidly evolve and touch on every aspect of our lives and jobs. In both cases, universities were able to rapidly respond to both these events.

History shows that forecasts and predictions for the future are seldom accurate , but universities continue to survive and add value because they hold a wide range of knowledge and expertise and are able to quickly and effectively react to challenges and opportunities as they arise.

Although universities often market themselves as ivy-covered institutions with long and proud traditions, internally they are in constant change – adopting and adapting new technologies, adding and amending qualifications in response to student and employer needs, and recruiting and investing in line with evolving research priorities.

This is a strength and something that should be preserved.

Taking the example of AI a step further. Every university:

- Now integrates use of AI into teaching and learning – helping students understand where and how to use it.
- Is using AI to automate and streamline various business processes. For example, the sector as a whole is working on an AI driven model for awarding academic credit for prior study when students change universities.
- Now uses AI to shortcut research and information gathering.

Universities see AI as yet another tool, but it is not yet seen as something that is likely to disrupt the key business model of universities. It should lift productivity, but won't replace the fact that judgement and expertise is still required to validate and make sense of what it does.

Covid has accelerated demand for technology-enabled teaching and learning. This is everything from virtual leaning – using simulations to learn, through to a lot more learning being done in blended and hybrid formats where students have a lot more choice as to when and how they engage and a much greater ability to study and learn from anywhere.

All of this supports better learning outcomes for students and improves the skills they take with them into their lives and careers. But all of it is a lot more costly to develop and operate. The current funding model and investment levels is a major challenge.

Funding model and investment levels

The current funding system has existed largely in its current form since 1991. Funding is set broadly according to however a subject was being taught back in 1991. The funding model has inhibited innovation in programme design and delivery. There are other models that providers are unable to economically explore because they are locked into SAC/DQ7+ funding levels and policies. These include;

1. Greater use of technology to support and enhance teaching and learning. Use of simulations and virtual environments to reduce bottlenecks in graduate supply where there are limits on work-placements to satisfy practicum requirements.
2. The ability to mainstream meaningful degree-relevant work experience into all qualifications.
3. The ability to better support people already in the workforce with individual courses or more customised programmes of learning when and as they need upskilling.

4. The ability to deliver qualifications and programmes jointly – and models that would support one university delivering programmes for other universities and/or hub-and-spoke models for delivering programmes where it is not efficient for a university to do everything themselves.
5. Encouraging more doctoral and post-doctoral research to be applied – focussed on addressing real middle to long term needs and opportunities and done with and for end users (Government, industry, etc).

Regulatory burden and compliance cost is unnecessarily high

One of the unique features and great strengths of our university system is the fact that the sector is collectively responsible for its own quality assurance. We collectively ensure that qualifications are coherent and delivering strong graduate outcomes. We also collectively monitor the performance of universities across areas such as (a) teaching quality and outcomes, (b) research environment, (c) student wellbeing and experience, and (d) student success.

Yet, we also have monitoring and reporting requirements across most of the same areas from Government agencies. For example, NZQA requires monitoring and verification around the Code of Pastoral Care and the TEC requires reporting across areas such as learner success and the performance of students with disabilities. Together with internal audits and annual audits and reporting; Satisfying the increasing monitoring and reporting requirements is diverting university resources from teaching and research into administration.

Streamlining reporting and accountability requirements would be useful. Not only would it free up university resources from back-office functions, it would certainly do the same for the various ministries and government agencies.

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4. Can the eight universities function better as a holistic system to meet New Zealand's needs? If so, how to establish a more differentiated yet cooperative sector?

Though our universities all appear superficially similar with their common focus on teaching, student experience, and research, each does this with massive variety in programmes, systems, processes, structures, and cultures. This variety has evolved very much in line with the particular communities served by each university and the priorities of each university over many decades. The competition for tuition and research funding has directly contributed to each university being highly focussed on the relevance and quality of their qualifications, student experience and research. The disruption, cost of change, and loss in value arising from a push for greater differentiation and competition is likely to greatly exceed any likely savings or cost reductions even in the long-term.

New Zealand universities already cooperate extensively where it does not undermine each universities own strategic priorities and effectiveness. We are running multiple sector projects (credit transfer, women in leadership, Māori academic success, cybersecurity, joint procurement, joint insurance, joint research programmes, etc).

Other areas for potential collaboration carry extensive risks of limiting the extent to which each university can quickly and effectively respond to its own needs and the needs of its various stakeholders.

In saying that, current settings either impede or do not incentivise collaboration and sharing in areas such as (a) joint subject delivery, (b) joint provision of support services, and/or that (c) encourage sharing of research infrastructure.

Rather than trying to create more specialisation or differentiation in the university system, we think that there should be more specialisation and differentiation between the different sub-sectors – particularly universities and institutes of technology/polytechnics.

We don't know what will replace Te Pukenga, but looking at the ITP sector as it existed before amalgamation, there were effectively 16 ITPs. Of those 16, one was the Open Polytechnic specialising in distance education. Of the other 15:

- Seven were located in centres without a university. In 2016 those seven ITPs had 22,200 EFTS doing sub-degree qualifications and 5,579 EFTS doing degree-level qualifications.
- Eight were located in cities with a university. In 2016 those eight ITPs had 28,515 EFTS doing sub-degree qualifications and 20,080 EFTS doing degree level qualifications.

There is a lot of duplication around degree-level provision and this is seeing duplication in infrastructure and what is probably an undesirable level of competition for students in some locations.

It would make sense to look at properly differentiating ITP degree-level education from university degree-level education. For ITPs this might be:

- Graduate profiles that are focussed on practitioner-delivered teaching and extensive work-integrated learning.
- Developing transferable capabilities (critical thinking, literacy, numeracy, etc) to better prepare people entering vocational careers for more secure lives and careers.
- Capping qualification delivery at taught masters, but providing pathways to research masters and doctoral qualifications at universities.

Where there are public tertiary providers in the same cities, opportunities should be actively identified to reduce duplication of infrastructure and programmes through funding and investment settings that incentivise collaboration and joint-programme delivery.

5. How research-intensive do New Zealand universities have to be? Do they need to be research intensive in all subjects?

In the main, NZ universities need to be research intensive - with teaching being research-led and providing students with pathways into postgraduate research studies. However, not everyone involved in a teaching activity needs to be a researcher or research active.

All degree-granting tertiary institutions have some teaching-only staff who are not currently research-active. In New Zealand and other countries with higher education systems developed out of the English university model (including Canada and Australia) teaching-only staff in universities are predominantly employed to teach first-year classes and to take tutorials, or as expert practitioners brought in to share practical knowledge and experience relevant to a vocational or professional qualification.

6. What is the appropriate mix of offerings in teaching, research and knowledge transfer across the system to meet economic, environmental, and social challenges?

7. What are the most appropriate approaches to ensure excellence in teaching, research, knowledge transfer and community engagement?

8. How to ensure universities play their role in advancing all segments of New Zealand society without compromising on the goals of excellence?

See earlier comments.

9. What is the appropriate size for the domestic student body in the New Zealand universities?

The meaning of the question is unclear. We note that the OECD Education at a Glance Table B1.2 - which shows 25% of people aged 15-24 go to degree level study in NZ vs an OECD average of 31% (34% Australia, 27% Canada, 28% UK, and 25% US).

We also note that only 7% of New Zealand's workforce has a postgraduate (research) qualification, compared with an OECD average of 15%.

Overall, if we are serious about economic growth through innovation and productivity, there seems to be a good case for growing the degree-qualified workforce – and particularly the postgraduate research-degree qualified workforce.

10. How well are universities performing in the role as critics and consciences of society?

The answer is going to vary depending on who you ask and the response will be subjective.

11. How well are the universities complying with the requirements in the Education and Training Act 2020 with regards to the Treaty/Te Tiriti?

Universities take their obligations seriously and have made significant progress. Each university can provide substantial information.

At a whole of sector level, universities now have four standard questions they ask all graduates over the year following graduation. We are seeing the sorts of results shown below – Māori graduates generally saying the overall university experience was worthwhile at a higher level than overall responses.

Note that the eight universities only agreed to start asking these standard questions collectively in 2022. The 2022 results include five universities and the 2023 results are for all eight universities.

Table 1: <u>All graduates</u> – was the overall university experience worthwhile?

University sector: Years 2022-2023

Graduate's opinion on whether the overall experience was worthwhile

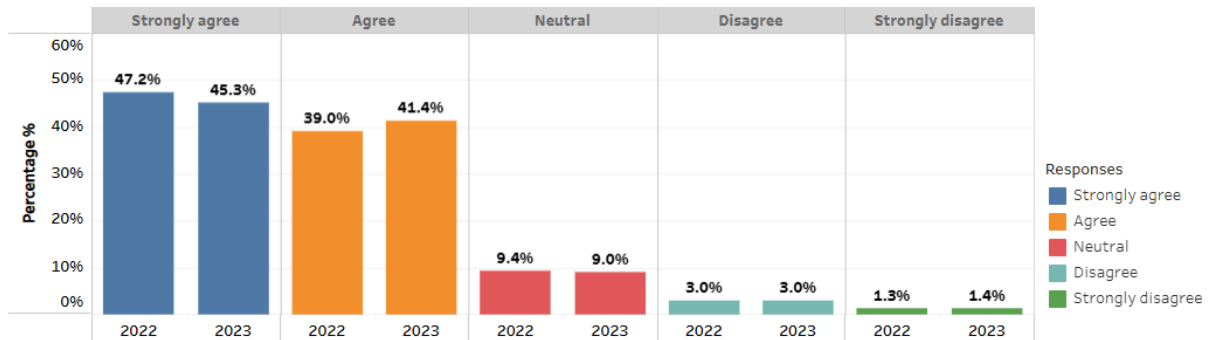**Population: All,All ethnicities**

Table 2: <u>Māori graduates only</u>: Was the university experience worthwhile?

University sector: Years 2022-2023

Graduate's opinion on whether the overall experience was worthwhile

Population: All,Māori