

Stabilising the tertiary education sector for a skilled workforce

**Briefing to the incoming
Minister of Tertiary Education**

November 2023



TEU | TE HAUTŪ
KAHURANGI
TERTIARY EDUCATION UNION

*The lack of sufficient support for students with mental health conditions is **getting worse every semester**. I'm not a counsellor but I spend so much time trying to support 90% of my students with this problem, but I don't get any extra time for it!*


 Academic staff member, Te Pūkenga



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Foreword

Tēnā koutou,

Te Hautū Kahurangi | Tertiary Education Union (TEU) welcomes the opportunity to begin a dialogue with the newly elected government and, in particular, those officials with responsibilities for tertiary education.

As a union, we have fundamental common ground with government: a desire for high quality learning environments which produce innovative and resilient graduates who are able to confidently enter the workforce and meaningfully contribute to our country's economic growth. We believe a well-educated and trained workforce is essential to Aotearoa New Zealand's productivity.

The staff across the tertiary education sector are the educators and trainers of the future workforce. Their expertise in both education and their respective disciplinary areas form the core of the tertiary education system. During the pandemic, it was the contributions of our educational experts which demonstrated the value of tertiary education and its wider application regarding science communication and the nation's public health response.

We all want educated, skilled graduates who can:

- Help build the economy;
- Innovate and support industry;
- Promote Aotearoa's unique attributes on the world stage; and
- Meaningfully contribute to our country's future.

Our work is to deliver an educational experience which

allows individuals to flourish, engage, and envision a place in our country's future – this is what TEU members do!

We look forward to developing a constructive relationship with the new government and Ministers to ensure a tertiary education sector which continues to benefit learners, industry, communities, and workers.

This briefing document outlines what TEU perceives to be the big issues facing our sector in conjunction with constructive perspectives and solutions.

Julie Douglas

TEU Te Tumu Whakarae | National President.



Executive summary

A flourishing tertiary education system is essential to ensuring a workforce that is highly skilled, resilient, and set to strengthen the country's economy.

Aotearoa New Zealand's tertiary education institutions rank strongly internationally. However, their capacity to deliver for business, communities, and individual learners has become increasingly strained. The sector no longer works for the educational good of our country, including its students, the communities within which campuses are located, its staff, and the industries that should benefit from new graduates. As a result, staff are constrained in their work to support economic growth, high tech industries, and the move to a high wage economy.

In 2023 alone, we witnessed events which illustrate the ways in which our current system of funding and management has directly undermined tertiary education across the country:

- significant deficits have been reported in Te Pūkenga and five of our eight universities;
- institutional knowledge and expertise has been diminished due to large-scale job cuts across our university and vocational sectors limiting opportunities for young New Zealanders and outcomes for businesses;
- entire programmes of study have been disestablished; and
- our quality research, science, and innovation systems are struggling to operate beyond capacity.

As a result, staff see the sector as being continually hollowed out – their skills pertaining to educational and industry knowledge is no longer recognised, their

autonomy to meet the needs of industry and students is being stripped away, and their workloads are more burdensome than ever.

It is clear that, as one scholar has put it, the “system just can't go on” in its current guise.

The impact of COVID-19 on the tertiary education system is undeniable. However, there are more fundamental issues surrounding funding and the management of our tertiary education system which need to be addressed. Budget 2023 included the largest funding increases for tertiary education in 20 years and, more recently, we saw an additional \$128 million allocated for degree-level and above tuition subsidies across 2024-2025. Yet, there is a clear disconnect between these funding increases and insistence by the Tertiary Education Commission (TEC) that further cuts and claw backs are necessary.

In the interests of Aotearoa New Zealand, we need to ensure a sustainable tertiary education sector that is equipped to meet the current and future needs of learners and meaningfully contribute to economic, social, and environmental development. Moreover, our sector needs to be responsive to the needs of regional industry, communities, and iwi as demonstrated through our pivoting educational needs during COVID-19.

The previous Government made a commitment to reviewing the tertiary education funding system and there was cross-party agreement on the need to address the issues identified.



Acting on this commitment is now non-negotiable if we are to champion a flourishing, sustainable tertiary education sector for the benefit of the entire economy and society. Significantly, the burgeoning climate crisis also demands that we support the unique and vital role that tertiary education is required to play if we are to overcome the existential challenges surrounding climate change, adaptation, and just transitions.

For tertiary education to continue to deliver for Aotearoa New Zealand, a transformed funding system which accounts for the true costs of quality provision and a return of the system from bureaucratic managers to teachers, researchers, and qualified support staff is essential.

Below are the key actions that need to be applied across both short- and long-term timeframes. The remainder of this Briefing outlines the rationale and detail of these recommendations.

Funding: short-term recommendations

- Commit to reviewing the funding system
- Increase SAC and research funding to match inflation rates in Budget 2024
- Ensure funding for continued provision in small communities and niche industries while the funding system review is carried out

Funding: long-term recommendations

- Increase funding to match the OECD average
- Reconfigure the Performance-Based Research

Fund (PBRF) by developing a new system for the allocation of research funding

- Disestablish the Tertiary Education Commission and return relevant functions to the Ministry of Education
- Develop a managed approach to international education which avoids leaving our domestic system vulnerable to the unpredictability of the international market

Streamlined management and strong academic freedom: short-term recommendations

- Ensure funding increases are fairly allocated to front-line staff costs rather than layers of bureaucratic management
- Hold a select committee hearing into the ways in which bureaucratic policies and processes are constraining the critic and conscience functions and intellectual rigour of the tertiary education system

Streamlined management and strong academic freedom: long-term recommendations

- Ensure all tertiary education institutions establish policies which encourage and protect staff and student voice and democratic participation across the tertiary education sector
- Elevate the place of the critic and conscience function of tertiary education in institutional reporting requirements

Our whāinga

Tū kotahi, tū kaha

We are strong and unified; we are committed to actions which will leave no-one behind; we create spaces where all people can fully participate, are fairly represented, and that foster good relationships between people.

Ngā piki, ngā heke

We endure through good times and bad; we work to minimise our impact on the environment; we foster ahikā – the interrelationship of people and the land, including supporting tūrangawaewae – a place where each has the right to stand and belong.

Awhi atu, awhi mai

We take actions that seek to improve the lives of the most vulnerable; we give and receive, acknowledging that reciprocity is fundamental to strong and equitable relationships; and we work to advance approaches that ensure quality public tertiary education for all.

Tātou, tātou e

We reach our goals through our collective strength and shared sense of purpose, which are supported through participatory democratic decision-making processes and structures.

About the TEU

Te Hautū Kahurangi | Tertiary Education Union (TEU) is the largest union and professional association in the tertiary education sector representing 12,000 academic and general/allied/professional kaimahi in Te Pūkenga, wānanga, universities, private training establishments, and rural education activities programmes.

TEU actively acknowledges Te Tiriti o Waitangi as the foundation for the relationship between Māori and the Crown. We accept the responsibilities and actions that result from our nation's signing of the UN Declaration on the Rights of Indigenous Peoples.

TEU expresses its commitment to Te Tiriti o Waitangi and a strong tertiary education sector by working to apply four whāinga:

Tū kotahi, tū kaha
Ngā piki, ngā heke
Awhi atu, awhi mai
Tātou, tātou e

TEU is committed to publicly funded, controlled, and valued tertiary education that:

- develops a skilled and knowledgeable population; promotes sustainable economic and social development; enhances cultural and intellectual life (as per the Education and Training Act 2020);
- enables the full development of the human personality and to the strengthening of respect for human rights and fundamental freedoms (UN Universal Declaration on Human Rights, Article 26), and ensure social mobility and the reduction of inequality;

- ensures the advancement of a strong Te Tiriti o Waitangi relationship;
- gives Māori, as the Indigenous people of Aotearoa, the right to establish and control their educational systems and institutions providing education in their own language, in a manner appropriate to their cultural methods of teaching and learning;
- the right of Māori to access all levels and forms of education without discrimination, and to have access to an education in their own culture and provided in their own language (UN Declaration on the Rights of Indigenous Peoples, Article 14); and,
- enables us to address, collectively, the pressing issues of our age and ensures the advancement of social, economic, and environmental wellbeing.

These objectives align with those set out in Aotearoa New Zealand's Education and Training Act as well as other internationally agreed conventions concerning the importance of tertiary education such as UNESCO's Recommendations Concerning the Status of Higher-Education Teaching Personnel.

With these whāinga and objectives as the foundation, we seek the Minister's support to implement the recommendations outlined in this briefing document.

Funding

This section outlines the context and impacts of an underfunded tertiary education sector, recommendations for short-term stabilisation, and a set of principles that will be crucial to the long-term transformation of our tertiary education funding system.

The problem: context and impacts of a tertiary education sector in crisis

The financialisation of tertiary education in Aotearoa New Zealand has had deep and lasting impacts. Since the 1980s, the imposition of a business model which rendered education as a private benefit – as opposed to a public good – has generated a number of corrosive consequences:

- perpetual restructures and ‘rationalisations’ have led to quick-fix resolutions involving unnecessary redundancies, early retirement packages, and an escalation in precarious, fixed-term work;
- students continue to accrue mounting levels of debt; and
- staff remain overburdened by needless layers of bureaucratic management, managerialism, and performativity requirements.

The convergence of these impacts has only served to increase levels of frustration, cynicism, and individualism across the sector, in turn undermining collegiality and inadvertently sponsoring instrumental approaches to teaching, learning, and scholarship.

This model has also achieved little with regard to addressing broader societal inequalities, thereby sustaining long-standing issues pertaining to socioeconomic status, ethnicity, and gender.

For women in the university sector, disparities surrounding workloads, pastoral care responsibilities, promotions, publications, and research have been

shown to create a ‘glass ceiling’ which results in diminished opportunities and, as of 2022, a \$400,000 pay gap when compared to male counterparts.

The lack of sufficient support for students with mental health conditions is getting worse every semester. I’m not a counsellor but I spend so much time trying to support 90% of my students with this problem, but I don’t get any extra time for it!

– **Academic staff member, Te Pūkenga**

Furthermore, success rates pertaining to bachelor-level subjects indicate that the current funding model has also failed to work for those traditionally underserved by the education system: in 2022, 88 percent of Pākehā learners in universities passed their subjects, while only 80 percent of Māori and 71 percent of Pacific students succeeded. Within Te Pūkenga, the success rates were 81 percent of Pākehā, 72 percent of Māori, and 70 percent of Pacific learners. Yet, even where the TEC encourages tertiary education institutions to commit to completion rates parity, many of our tertiary institutions find themselves unable to set realistic targets – despite agreeing with parity ambitions in principle – due to uncertainty regarding adequate funding: “Despite parity targets having been set by successive governments and tertiary education organisations, this has not been matched with funding to support the outcome.”

Public expenditure on tertiary education in our country has not kept pace with other OECD countries: in 2019, public spending per EFTS at the tertiary level in Aotearoa New Zealand was 23.5 percent lower than the OECD average. Additionally, despite an encouraging increase to public spending on education as a whole between 2015-2019, expenditure on tertiary education in Aotearoa New Zealand increased by just

1.9 percent, again lagging far behind the OECD average of 3.6 percent.

Furthermore, universities are investing less in their staff: between 2008 and 2020, total operating expenses across the university sector increased by 18 percent; yet, the amount invested in staff across the same period grew by only 7 percent.

We've known for some time that our salaries have been falling behind our colleagues overseas and in other professions but to see such hard data that shows the extent to which we're being de-prioritised by our employers is a real kick in the guts. It's disturbing to see graphically how universities are spending less and less of their income on staff. It's time for all our universities to invest in what's most important, their people

– Rob Stowell, TEU Branch President, University of Canterbury

For many staff throughout the sector, these inconsistencies and ongoing job cuts have led to disillusionment and decreased levels of work satisfaction. Whereas some have chosen to focus their efforts on non-traditional academic avenues, others have decided to leave the sector entirely resulting in the loss of institutional knowledge and specialist expertise. In a 2022 survey of tertiary education workers, 55% of academic staff and 35% of general staff were either 'not at all likely' or 'slightly likely' to recommend a career in the tertiary education sector (TEU 2022).

Historically the management structure has been bullying by nature. Over the years it has got worse, and staff have been leaving in droves. It's frustrating having to work beyond and above the call of duty to support your students and know that those in the management position are trying to get rid of anyone to save money

– Academic staff member, Te Pūkenga

If NZ is so reliant on international students to make up the funding gap in tertiary education, then that is a fundamental structural problem that must be addressed.

Most recently, the critical state of our tertiary education sector has been exacerbated by the TEC refusing to defer funding clawbacks – a move which appears indicative of the underwhelming degree of value placed on tertiary education in Aotearoa New Zealand. Such events have highlighted the vast disparities between current funding mechanisms and the educational interests and needs of students and staff, leading some to call for a review of the TEC.

Decades of underfunding and the associated impacts outlined above have left TEU members feeling increasingly constrained in their capacities to deliver high-quality tertiary education. At the core of these problems is an inadequate funding model.

If we are to ensure the core objectives of higher education are realised, it is clear that the system cannot continue as it currently stands – what we need is short-term stabilisation of the sector and long-term transformation of the funding system.



The solution: stabilisation and transformation

Stabilisation: immediate recommendations

This section outlines three recommendations which we consider as necessary to achieving short-term stabilisation of the tertiary education sector.

1. Commit to reviewing the funding system

The first step toward transforming the funding system will be committing to pursuing the long overdue review of the system. The review process must be managed in a way which ensures the voices, needs, and educational aspirations of TEU members, staff, students, and other sector parties are genuinely understood and integrated.

2. Increase funding to match inflation rates

As outlined above, there are a number of factors which illustrate the ways in which the funding system is failing to meet the needs of the tertiary education sector. Key among these factors is the fact that increases in tuition and training subsidy rates for domestic students have fallen behind the rate of

inflation: whereas the increase in subsidy rates in 2022 was 1.2 percent whilst the Consumer Price Index (CPI) rose by 7.2 percent, in 2023 subsidy rates rose to 2.75 percent with the CPI rising by 6 percent in the 12 months to June 2023.

In order to stabilise the tertiary education sector so that quality provision is attainable while a new funding system is developed and implemented, it will be essential to ensure short-term funding increases match inflation.

3. Ensure funding for continued provision in small communities and niche industries while the funding system review is carried out

Strong regional growth throughout the country requires high quality, accessible education offered face-to-face to our smaller and more remote communities. Due to family and community responsibilities, people living in remote locations are often unable to travel – let alone uproot their lives entirely – in order to engage in tertiary education. Added to this, it is important that people living in small communities and remote locations have the choice to

remain in these centres so that local businesses have access to skilled workers and are able to thrive. In order to ensure stability in such locations, it will be vital to ensure tertiary education funding continues in the interim while the review of the funding system takes place.

Transformation: long-term recommendations

Stabilisation is only the first step toward a sustainable tertiary education sector. We also need to ensure long-term transformation by implementing the below recommendations.

1. Increase funding to match the OECD average in 2024-2030

To ensure a tertiary education sector that is able to realise the core objectives of higher education, the design of the funding system must be underpinned by appropriate principles and match, at a minimum, average OECD funding rates. TEU recommends the following principles form the foundation of the new funding system (see TEU's Funding Our Future for detail):

- i. Tertiary education is a public good – the funding system must support the contribution of tertiary education to Aotearoa New Zealand's collective creative, economic, social, human, scientific, cultural, and intellectual growth.
- ii. Tertiary education must be inclusive and equitable – the funding system must provide for diverse learners and accommodate different learning needs; be flexible and support learning in a range of settings; be easy to navigate, and; guarantee accessible learning opportunities throughout all regions and communities.
- iii. Teaching, research, and human wellbeing must be prioritised – the funding system must deliver quality education, learning, research, and innovation, and support student and staff wellbeing through the provision of relevant services.
- iv. Funding must foster collaboration and long-term systems thinking – collaboration should be informed by a national strategy which outlines short-, medium-, and long-term education and skills required to meet our social, community, environmental, and economic needs. The funding system must also be designed to ensure long-term sustainability, regardless of fluctuations in the economy or short-term demographic shifts.
- v. Public investment is progressive and equitable – the funding system must be based on the understanding that it is a fair and equitable pooling of public resources to deliver education and research that meets the needs of all communities.

2. Reconfigure the PBRF by developing a new system for the allocation of research funding

The inadequacies of the funding system are, in part, due to the metrics by which accounting and auditing occur, including the way the allocation of research funding is determined by the Performance-Based Research Fund (PBRF). Although we acknowledge there have been a number of tweaks to the PBRF over the past year, it remains as a system that is fundamentally a constraint on the tertiary education sector. In addition to high transaction costs, the PBRF disproportionately disadvantages Māori, Pacific, women, and early-career researchers whilst requiring excessive time, energy, and resources from staff preparing to submit PBRF portfolios.

Women are given more teaching because we are 'good with students'. Then we don't perform as well on the PBRF, then we don't get promotions etc. because we spent all our time teaching, not doing research and getting grants etc. It is tiring.

– Academic staff member, university

The broader review of the funding system must include the PBRF. As a starting point, we recommend that the PBRF is reconfigured and, instead, look to



models of research funding allocation that are based on the un-weighted full-time equivalent number of research active staff in a tertiary education organisation.

3. Disestablish the Tertiary Education Commission and return relevant functions to the Ministry of Education

The layers of bureaucracy underpinning the Tertiary Education Commission have clearly come to undermine our tertiary education sector. The funding model is not fit-for-purpose and by insisting on clawbacks and further funding cuts, the TEC is actively constraining our tertiary education institutions and their capacity to provide high quality, accessible education that serves the public good. By returning the TEC's functions to the Ministry of Education, layers of bureaucracy will be removed and our education sector – from primary through to tertiary – will be

considered as a single, cohesive system ensuring our education system supports life-long learning, innovation, and knowledge development.

4. Develop a managed approach to international education which avoids leaving our domestic system vulnerable to the unpredictability of the international market

COVID-19 highlighted the vast problems involved with relying on the revenue generated by our international students. Border restrictions during the pandemic caused a significant drop in international student numbers which, in turn, impacted funding levels causing tertiary education organisations to react by implementing extensive job cuts. The negative impact caused by reactionary strategies to mitigate external factors is just one symptom of a fundamentally flawed funding system. In past years, growing domestic and international enrolments have only masked such flaws.

The problem here is that institutions are crying poor because of the loss of income associated with the lack of international students because of COVID. If NZ is so reliant on international students to make up the funding gap in tertiary education, then that is a fundamental structural problem that must be addressed. At the moment it is staff that are paying the price, not merely students or other taxpayers. The funding model for tertiary education is wrong

– Academic staff member, university

Now is the time to develop and implement a funding system which accounts for the true value of international students and the internationalisation of education whilst avoiding reliance on external revenue and is, instead, conducive to realising the core objectives of higher education through self-sustaining quality provision.



Academic freedom

In essence, academic freedom is about the search for truth. However, academic freedom is also a key factor in the pursuit of practical innovation and creative solutions surrounding the problems of our time. The role of academics collectively is to test and contest perceived truths and advance the boundaries of knowledge. Acting as the critic and conscience of society is an element central to robust academic work.

Our tertiary education sector has the potential to afford academics and students the privilege of wrestling with the boundaries of knowledge and the knots of truth – in the interests of ensuring tertiary education in Aotearoa New Zealand transpires as a public good, our sector must live up to this responsibility. However, doing so requires enabling and consistent legislation, policy, and funding.

This section provides an overview of the current state of academic freedom in Aotearoa New Zealand before outlining recommendations to both stabilise and transform the sector so that it is conducive to legislated rights pertaining to academic freedom being enacted.

The problem: constraints on academic freedom

Academic freedom is enshrined in Aotearoa New Zealand's education legislation: the Education and Training Act 2020 preserves and enhances the academic freedom and autonomy of tertiary education institutions on issues of research, course content, assessment, appointment of staff, and the freedom of staff and students to question and test received wisdom, put forward new ideas, and state controversial

or unpopular opinions. The Act also stipulates that the institutional exercising of academic freedom and autonomy must be consistent with maintaining ethical standards and accountability regarding the allocation of resources.

However, the social, intellectual, and political context within which academic freedom is exercised has shifted considerably over time. In particular, the financialisation of tertiary education has caused changes to institutional structures, governance, and funding which have, in turn, lead to increased competition across the sector, reliance on non-state funding, more pronounced managerial hierarchies, and increased levels of casualisation, precarious employment, and bullying. Unfortunately, these factors have narrowed the scope for academic freedom by displacing collective forms of debate and governance, thereby increasing the risk associated with attempts to enact the legislated empowerment and freedoms of staff and students. With similar disregard for academic freedom occurring around the world, such trends are not unique to Aotearoa New Zealand.

When it comes to ensuring academic freedom and the role of critic and conscience of society are inherent to tertiary education, our sector should be seen as a global leader. For this to happen, we need to stabilise the sector by resetting the parameters and measures pertaining to academic freedom in the short-term and commit to the long-term transformation of the sector by protecting and expanding the conditions for such freedoms.

The solution: stabilisation and transformation

Stabilisation: immediate recommendations

1. Ensure funding increases are fairly allocated to front-line staff costs rather than layers of bureaucratic management

The last three decades have seen a growth in layers of bureaucratic management both within and outside tertiary education institutions. Within the university sector, research demonstrates that expenditure on staffing has not kept pace relative to overall operational spending. Staff constitute the core of the tertiary teaching and research system. As such, it is crucial that funding is allocated appropriately and in the interests of supporting teaching and research staff in their work. Where layers of management throughout our tertiary education institutions have historically been justified on the basis of needing to co-ordinate burdensome auditing and managerial exercises – e.g., the PBRF – there is significant scope to make reductions in these areas.

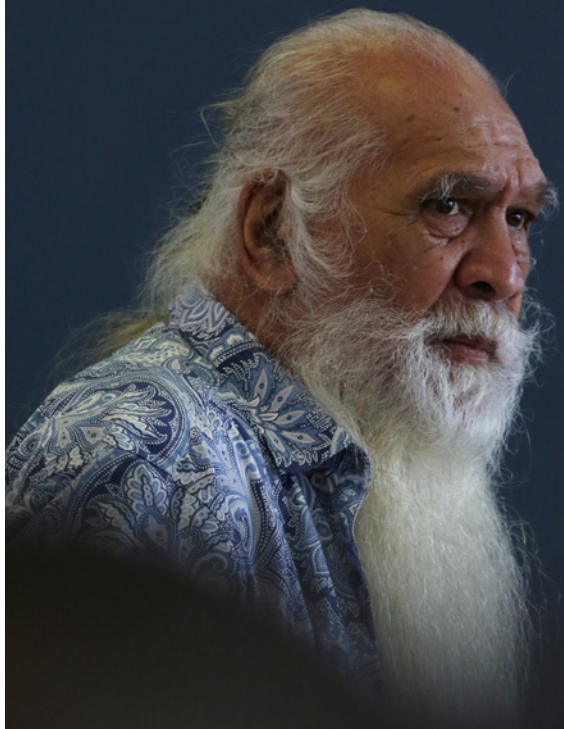
2. Hold a select committee hearing into the ways in which bureaucratic policies and processes are constraining the critic and conscience functions and intellectual rigour in the tertiary education system

The critic and conscience function of tertiary

Once policies pertaining to academic freedom are developed across our tertiary education institutions, it will be necessary to ensure that staff are supported.

education is inherently tied to the public interest. If we are to ensure tertiary education in our country transpires as a public good, there are grounds for formal public debate surrounding the bureaucratic constraints currently facing our tertiary education sector. As such, we recommend the government instigate a select committee hearing into such issues.





Our tertiary education sector has the potential to afford academics and students the **privilege of wrestling with the boundaries of knowledge and the knots of truth.**

Transformation: long-term recommendations

1. Ensure all tertiary education institutions establish policies that encourage and protect staff and student voice and democratic participation across the tertiary education sector

Despite legislated protection of academic freedom for all tertiary education institutions, as well as requirements pertaining to the empowerment of staff outlined in the Te Pūkenga charter, there are fidelity and loyalty statements within most of our tertiary education institutions which undermine academic freedom.

Currently, the University of Canterbury is the only tertiary education institution in Aotearoa New Zealand that has a policy on academic freedom.

The upshot is that many of our vice chancellors, CEs, and other senior leaders are often empowered to constrain the critically engaged commentary and contributions put forward publicly by our scholarly community.

Instead, our tertiary education institute leaders should be working to enable and facilitate the academic freedom provisions outlined in legislation. In order to formalise this, all tertiary education institutions should be required to develop relevant policies.

2. Elevate the place of the critic and conscience function of tertiary education in institutional reporting requirements

Once policies pertaining to academic freedom are developed across our tertiary education institutions, it will be necessary to ensure that staff are supported in ways which allow the provisions therein to be enacted. We recommend that tertiary education institutions are required to report on the ways that the critic and conscience function of tertiary education is being embedded and practiced within the context of their academic and scholarly work. It will be essential to ensure that such reporting does not transpire as a bureaucratic exercise tied to performance measures and other managerial tasks.





TEU

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