

When the government steers the market: implications for the New Zealand's tertiary education system

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Introduction

Three decades of policy development and change has significantly altered the operation of the New Zealand tertiary education sector. Rather than policy that supports the important autonomous characteristics of tertiary education, successive governments have put in place policy levers focused on disciplining what is seen as an 'unruly' subject – the tertiary education sector and in particular its staff. The policy approaches of successive governments have imposed a market-led framework on tertiary education; have created a single 'tertiary education sector'; and, have heightened the government's 'strategic steering' of the sector. The result is that the primary focus of the tertiary education sector has moved from that of broad-based social, human, scientific, and economic progress, to the much narrower goal of economic advancement. We argue the changes experienced have been detrimental to the sector and the nation. By examining the major policy trends since the mid-1980s we aim to contribute to the current understanding of how the 'rules of the game' have shaped the nation's tertiary education system, and propose a change of direction for the sector.

Continuous reviews reflect international trends and local regime change

For three decades New Zealand's tertiary education sector has been under a state of continuous review. In 2003 McLaughlin (17-19) noted seven government initiated reviews and/or reports which were carried out on the tertiary education sector in the 1980s and 1990s (1987, 1988, 1991, 1994, 1997-8, 2000 and 2001). Since that time there have been further major reviews. The Tertiary Education Commission (TEC) noted in 2005 some of the work it was completing included reviews of the Performance Based Research Fund, Adult and Community Education funding, and a review of Private Training Establishments (PTEs). In 2009 government agencies were charged with reviewing the provision of tertiary education in greater Auckland, the framework surrounding PTE funding, and the development of the New Zealand Skills Strategy (TEC 2008: 19-22). And there is currently a major review of industry training which the Ministry of Education (2011: 14) notes "has the potential to significantly alter the delivery of vocational education in New Zealand". The result of all these reviews has been major legislative changes; the cessation of some government agencies and the creation of new ones; the modification of funding environments; redefinition of

roles of institutions and those within them; changes to the way institutions are governed; and, the creation of new accountability and auditing models. We have no space in this paper to cover all of the changes that have been made to tertiary education but identify three major shifts in the rules surrounding the tertiary education sector which have significantly changed the operation of universities, polytechnics, wānanga, and other education providers.

Prior to the mid-1980s the tertiary education sector was one which differentiated 'public' institutions from 'private' institutions; differentiated 'polytechnic' from 'university' from 'industry training' and so on. It was a system where bulk funding provided institutional autonomy (predominantly for universities). The university system was an 'elite' system with low levels of enrolment and high levels of funding for each student. Industry training was a mix of apprenticeships, industry training, and courses at institutes of technology and polytechnics. However, as will be seen in the next section this changed with the adoption of neo-liberal policies and the creation of a single tertiary education sector.

The changes seen in New Zealand reflect international trends in tertiary education. In particular, there has been significant literature on the imposition of neo-liberal rules on public education globally (See Abbot 2004 for references to major international literature). And the drive to develop a national tertiary education strategy is evident in a range of jurisdictions as was noted in the opening of its briefing to the Minister of Tertiary Education in 2008:

A recent Organisation for Economic Co-operation [sic] Development report notes a world-wide trend for governments to link their tertiary education systems to their social and economic objectives:

The imperative for countries is to raise higher-level employment skills, to sustain a globally competitive research base and to improve knowledge dissemination to the benefit of society.

National strategies are found in South Africa, France, and Britain, however, New Zealand is unique because it clusters all parts of the sector together under a single strategy (Mahoney, 2003: 8) and the implications of this will be evident as this paper progresses.

As well as reflecting international trends towards commercialisation, marketisation, 'massification', and steering, the policy approach imposed on the tertiary

education sector in the last three decades has been part of New Zealand's shift from a Keynesian welfare state, to a more market-driven state. Like many English-speaking democracies, from the 1980s New Zealand rejected Keynesian economic management in favour of a more market, less state, neo-liberal approach (Boston et al (eds) 1999; Castles 1996). The neo-liberal project affected both policy direction and the operations of the public sector through the instituting of the 'New Public Management' (NPM) (Sharp, A. 1994; Boston, J. (ed) 1995). Corporate management and marketisation (Davis and Rhodes, 2000: 75) led to contracts and other competitive market mechanisms becoming the preferred public sector methodology (Reddel 2004: 133). The Fourth Labour Government's 1988 State Sector Act replaced input focused (implying high levels of trust) permanent secretaries with output focused (emphasis on efficiency) chief executives contracted to ministers and responsible for determining and delivering outcomes – the 'new public management' model (Bale 2003:210). This fundamentally altered the relationships between politicians, the public sector, and the public. However this 'neo-liberal project' changed over time. As Larner (2003) notes:

Indeed, it can be argued that New Zealand's neo-liberal project has now been through three distinct "phases": during the 1980s the state withdrew from many areas of economic production, while at the same time attempting to preserve — and even extend—the welfarist and social justice aspirations associated with social democracy; the more punitive phase of the early 1990s which saw an extension of the marketisation programme accompanied by the introduction of neo-conservative and/or authoritarian policies and programmes in the area of social policy; a third phase in the late 1990s characterised by a "partnering" ethos and in which discourses of "social inclusion" and "social investment" sit awkwardly alongside more obviously neoliberal elements such as economic globalisation, market activation and contractualism (Larner 2003).

A unicameral legislature with a single level of bureaucratic organisations implementing government decision-making set the ground for New Zealand to be a 'laboratory' for social and economic policy change since colonisation, including in the 1980s when Rogernomics (the nation's neo-liberal programme) saw rapid and deep change instituted. Added to this

New Zealand operates on a three-year election cycle which means that the longer term vision for tertiary education frequently gets lost in the upheaval of changes in government.

The New Zealand tertiary education sector

New Zealand's tertiary education sector comprises public tertiary education institutions – universities, institutes of technology/polytechnics, wānanga – and a number of other providers, including smaller community providers such as Rural Education Activities Programmes (REAPs), and other small government-funded providers (for example Te Tari Puna Ora o Aotearoa – the New Zealand Early Childhood Association). The sector also includes approximately 800 private training providers – both for-profit and not-for-profit and an industry training sector which includes industry training organisations, responsible for setting industry standards and arranging workplace education and training.

The central agencies responsible for policy and funding decisions for the sector are the Tertiary Education Commission (TEC) and the Ministry of Education. TEC was set up in 2004 to take responsibility for policy development, auditing and funding but as of 2010 were responsible primarily for funding and auditing. TEC comprises at least six but no more than nine Commissioners appointed by the responsible Minister. The Ministry of Education is the main

agency responsible for education from early childhood to tertiary education and has been responsible for the policy advisory function for the tertiary sector for decades. The National-led government in 2011 created a crown agency to market New Zealand institutions on the international education market - Education New Zealand. And there are currently two agencies responsible for quality assurance: New Zealand Qualifications Authority and Universities New Zealand (through the Committee on University Academic Programmes).

As well as these central agencies, there are a number of other government agencies such as the Ministry of Social Development, Te Puni Kōkiri (Ministry of Māori Development) who have a small percentage of their budgets allocated to funding tertiary education and training.

Policy implementation is undertaken through the Tertiary Education Strategy, which identifies priorities for the sector through the Statement of Tertiary Education Priorities (STEP). Individual institutions then outline how they will address these priorities through their investment plans (negotiated with

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government representatives), which must reflect their institutional profile (wānanga, institute of technology, university etc.). (For a more details see http://www.oecd.org/document/13/0,3746,en_2649_39263238_35585357_1_1_1_1,00.html).

So what norms, ideals, and philosophies guide this government machinery and what does it mean for those who work and study in the tertiary education sector?

The rules of the New Zealand tertiary education system

There are three clear discourses (sets of rules) which have impacted upon the operations of public tertiary education in New Zealand over the past three decades:

1. The imposition of free-market ideals;
2. The creation of a single tertiary education sector; and,
3. The implementation of strategic 'steering' of the sector to meet pre-determined government objectives.

To market we go

Policy approaches which moved tertiary education from an old 'elite' model of provision to a 'market' model has occurred in many parts of the globe (as noted in Marginson 2007, and others). Whilst some like to present this shift as a seamless transition from one model to another, in reality in New Zealand it occurred over several decades, through a range of mechanisms and policy changes, rather than through one single policy or legislative change.

As has been noted, the moves to a market-led approach to New Zealand education began in the mid-1980s. The Fourth Labour Government (1984-1990) sought to increase participation in tertiary education and to create a more competitive environment between individual institutions. This was, in part, a response to the broader economic problems facing New Zealand in the 1980's (Abbott 2004: 1-2) for which higher levels of education was seen as one of the solutions.

The 'massification' and commercialisation of the tertiary education system resulted in rapid and extensive growth in the sector. The 1997 Green Paper supported high levels of participation, particularly

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by school leavers, and enrolments rose by 17% from 1997 to 2002 (Mahoney 2003: 3). Polytechnics took advantage of the autonomy given to them under the 1989 Education Act and set up a range of new programmes and degrees. This led to what was perceived as an unnecessary duplication of courses (Russell 2007:112). As the Ministry of Education (2008:25) notes:

During the 1990s, the tertiary funding system was designed to support increased access and equity through a market-led model. This system successfully increased access and showed considerable improvements in equity, but there were increasing public concerns about the rising cost of study and the quality and relevance of provision, particularly at sub-degree level.

During the 1990s the market driven approach to education intensified and successive governments sought to create a tertiary education system that was efficient, innovative and responsive to the 'market' (McLaughlin 2003: 22). This expectation of efficient use of resources continues in current state documentation: "Rising demand for tertiary study in a period of significant fiscal constraint means that we expect our investment to be used efficiently and effectively by tertiary education organisations and students" (TEC TES 2010-15: 3). This drive for efficiency resulted in higher levels of learner contribution to individual tertiary education costs (See McLaughlin 2003: 15) and increased accountability mechanisms being introduced into the sector.

Creating the single sector

The second major policy change in the tertiary education sector in New Zealand was the move to create a 'single sector'. This began with the Hawke Report of 1988 and the Labour government's *Learning for Life* policy statement, both of which defined tertiary education as all post-compulsory education irrespective of where it was happening (Eppel 2009: 76). This 'single sector' approach was enshrined in legislation with the passing of the 1989 Education Act.

The early legislation and policy left private training establishments (PTE) and industry training out of the single tertiary education sector. However, over the coming two decades both were integrated into the tertiary education sector. In 1992 the Industry Training

Act resulted in Industry Training Organisations (ITOs) being brought into the sector. And following the 1997 Green and White papers on education released by the National government, a pool of contestable funding was created and PTEs were given the opportunity to bid for public monies (Abbott 2004: 2).

Codd (2001: 13) states that this move to create a single post-school education sector can be seen in other parts of the world but that New Zealand has gone much further with the creation of a single sector than other countries. This is also noted in Mahoney (2003: 2): “NZ is currently unique in that no other country has clustered its community, vocational, and academic education together in quite this way.”

Time to steer the tertiary education ‘market’

The market model and single-sector approach to tertiary education was overlaid in the early twenty-first century with a strategic steering model. When the Labour-led government was elected in 1999 it set up the Tertiary Education Advisory Commission (TEAC). The Commission was (amongst other things) to develop a widely-shared strategic direction for the tertiary sector. TEAC recommended more active engagement by government in the tertiary education system, including policies such as capping student numbers, targeting funding, and funding institutions based on differentiation and the creation of strategic investment plan for each institution. TEAC was responding to the perceived lack of direction in the sector, the result of which was seen as inefficient use of funding (OECD Thematic Review 2006: 135).

While many of the market-led traits remained in the tertiary education system, the government shed the massification approach of previous decades. “The government recognises that its investment system needs to change to support tertiary education organisations to shift their focus from participation and funding to achievement and the long term needs of stakeholders” (TES 2007-12: 13). Strategic steering was seen as important if New Zealand governments were to enhance the ‘knowledge economy’ (TEAC 2000a: 4) and broad goals for the sector were set out by TEAC (2000a: 6):

Tertiary education has a key contribution to make to New Zealand’s economic and social development, including:

- Cultivating the intellect and personal well-being;
- Reducing inequality;
- Preserving, renewing and transmitting culture;
- Building research capability and creating new knowledge

- Responding to the needs of the labour market;
- Supporting business and industry development; and,
- Promoting social cohesion.

The consultation process carried out by TEAC led to the creation of the Tertiary Education Commission. The role of TEC was that of being “the proactive steerer” of the tertiary system (Parliament Library Overview 2003: 6). The Commission (in conjunction with the Ministry of Education) was to oversee the development and implementation of the Tertiary Education Strategy (TES). As has been noted earlier, this strategy is reinforced by the Statement of Tertiary Education Priorities (STEP) and the development of institutional charters and profiles which outline their unique contribution to the government’s national objectives.

While rhetoric around the need for strategic steering has increased in recent years, it has always sat in the background of the New Zealand tertiary education sector. As noted by Simon Marginson (2007: 79) the “idea of a University is nested in national contexts, historical identities and conditions of possibility. In the ‘Westminster’ countries (UK, Australia, New Zealand) national systems combined university autonomy with explicit central steering.” The notion of national objectives for the sector can be seen in the 1989 Education Act:

The object of the provisions of this Act relating to institutions is to give them as much independence and freedom to make academic, operational, and management decisions as is consistent with the nature of the services they provide, the efficient use of national resources, the national interest, and the demands of accountability (Education Act S. 160).

What develops over the last decade is a much closer focus on aligning the actions of tertiary organisations to the goals of the government: “The aim of reforms since the early 2000s has been to link public investment in tertiary education more closely with identified social and economic priorities, to increase stakeholder influence, and to improve fiscal certainty for government, providers, students and their families” (MoE 2008: 25). The philosophy underpinning the decision to increase strategic steering was based on a belief that the education system, left to itself, was incapable of recognising economic imperatives (Mahoney 2003: 4).



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Critiquing the new 'economic focus' of the tertiary education market

The changes discussed above have had a major impact upon the activities of those who govern and manage the tertiary education sector, as well as the students and staff within each institution. The question is – do policy advisers know what they have created and continue to impose upon the tertiary education sector? In Foucault's terms policy makers "often know what they do; they frequently know why they do what they do; but what they don't know is what they do does" (In Middleton 2009: 193).

Some of the changes may have had positive outcomes for some individual staff and students. Certainly government agencies claim the policy environment has improved the quality and efficiency of the tertiary education sector. For example, bibliometric data is used by governments to demonstrate that the Performance Based Research Fund has improved research performance within universities. In the 2003-2007 year the relative academic impact of New Zealand institutions was higher than G8 Australian universities in three of ten areas; and higher than non-G8 universities in eight of ten broad subject areas (Smart 2009: 5). And improved course and degree completions is seen as another positive indicator that the policies put in place as part of the government's steering is working (for example <http://www.tec.govt.nz/Learners-Organisations/Learners/performance-in-tertiary-education/what-the-indicators-mean/completion-of-qualifications/>). Though, even government agencies acknowledge that some of these outcomes have been overstated: "While good progress has been made in implementing some major policy changes, it is too early to say whether the reforms are delivering the gains in quality and relevance that were sought. On-going monitoring of progress and impact will be required" (MoE, 2008: iii).

While governments may claim success from the new policy approaches, we argue that on balance the three discourses bounding New Zealand tertiary education are doing harm to the sector, its staff and students, and to society. It is crucial that the professionals working in the sector – the academics, librarians, technicians, tutors, teachers, administrators, and so on - demonstrate these harmful effects clearly and definitively, because the Ministry of Education states that the TES approach is "accepted by the sector as the necessary way forward" (MoE 2006: 17-18).

While these harmful effects need to be demonstrated, this paper is not a treatise against ensuring taxpayers dollars are well-spent. Neither is it an attempt to reify some mythical past in which tweed jacket-wearing

professors offered gems of wisdom to eager minds who spent their days on campus debating whether Kant had unpacked the true meaning of existence or if Einstein's theory of relativity is accurate. What we aim to do is to illustrate why the approach outlined above of a centrally steered tertiary education 'market' with an increasing emphasis on economic outcomes is not serving the needs of our society, communities, or our economy.

Steering the sector with both eyes on the economy

Government does and can legitimately (on behalf of citizens) have expectations that tertiary education institutions will "produce public value" (Moore 2005 in Pearman 2009: 8). But steering is complex (OECD 2006: 41). In particular, we would argue that goals can easily become too narrow. As time has passed the New Zealand tertiary education sector has been driven much more to meet national, or more correctly government, objectives (See McLaughlin 2003: 25-28; Zepke no date: 3). Economic benefit has become the predominantly desired outcome (Zepke no date: 5) and the immeasurable outcomes of tertiary education are set to one side (See an example of this in work of Bhaskaran et al 2007: 4). A comparison of the opening statements from Briefings to Incoming Ministers since 2005, show the narrowing of objectives for tertiary education:

The tertiary education system is expected to deliver outcomes for learners, stakeholders and New Zealand's strategic goals. In addition, tertiary education research is expected to achieve outcomes for New Zealand's research goals. The concept of outcomes can be summarised as a combination of performance, quality and relevance. It means that the results of the education and research offered by tertiary education organisations and undertaken by learners are positive for the learner and meet the needs of the relevant part of the wider community (TEC 2005:4 para 19).

For New Zealand to participate effectively in the global environment, it needs to develop networks of world class firms, research institutions and tertiary education organisations that collaborate for the benefit of New Zealand's economic and social development, cultural identity and environmental sustainability (TEC 2008: 6).

Key Priorities

Strong fiscal and performance imperatives require a

further lift in tertiary education performance over the next term of Government. There are three particular priorities that should shape the agenda for the sector: First is the drive to enhance New Zealand's economic growth performance and raise labour productivity. Greater added value in our products and services will require more effective use of high-level skills in our population and more efficient application of new knowledge and ideas. This applies just as much in the vocational and applied technology areas as in the more general areas of academic study. (MoE 2011: 3)

Increase the incentives for research and tertiary education institutes to undertake more firm-relevant research and to transfer knowledge to firms (Treasury 2011: 5).

An examination of successive Tertiary Education Strategy (TES) documents also illustrates the narrowing of the goals set for the sector. The first TES (2002-2007) stressed the need for greater alignment of tertiary education outputs with national goals, stronger linkages with business, but it also included responsiveness to the needs of learners, a culture of optimism, and creativity as goals for the sector. The most recent TES states (TEC 2010: 6): "The Government wants relevant and efficient tertiary education provision that meets the needs of students, the labour market and the economy." The only broader reference is found in the opening where it is acknowledged that we need people to have the "knowledge, skills and values to be successful citizens in the 21st century." This narrowing of the goals for the tertiary education sector is noted in the 2007-2012 TES (TEC 2007: 4):

The first Tertiary Education Strategy took a broad and inclusive approach to cover the diversity of tertiary education. This Strategy continues that inclusive direction but sharpens the focus. The focus is much more explicitly on what the government expects the tertiary education system to contribute and the priority outcomes for the immediate future.

The driver for increased economic gain from tertiary education budgets has also seen governments demanding improved linkages with industry by sector. Progress in this regard will be measured "increased research contract income at tertiary education providers from industry" and "increased placement of research students in industry and business" (TES 2007-12: 39). A systematic examination of the types of research being carried out in New Zealand tertiary education institutions is needed to understand whether the focus on economic outputs has had an effect on the breadth of research being undertaken.

The Government wants relevant and efficient tertiary education provision that meets the needs of students, the labour market and the economy.

In short, the National-led coalition government has "...removed the boundaries between academic and non-academic type post-school education, and has shifted the position of publicly funded tertiary education from one of an individual right to that of a tool for national economic growth" (Mahoney, 2003: 2). The aim is to improve the 'alignment of tertiary spending with the government's economic growth goals and to 'use research to support its economic growth goals' (MoE 2011:4-9). As well as aligning tertiary education outputs with economic growth, successive governments want the sector to be more 'business-like'.

An economically efficient tertiary education sector

Evidence that education is viewed as a business is found in multiple government policy documents and funding decisions. For example TEC (2008:32) noted: "The challenge is to work with the sector to transition to sustainable business models that support this focus on quality and outcomes." And the Ministry of Education (2009a:1 *emphasis added*) stated: "Completion is useful as a measure of *the rate of production of qualifications* from New Zealand's tertiary education system, and hence as an indicator of the rate of a country's skills acquisition."

The most significant manifestation of this corporatisation of the sector can be found in the drive for greater economic efficiency in the tertiary education sector. Over the next three years there is a shortfall between the costs of running the sector and the funding provided by the state of \$1.1bn (see Figure 1 over page)

This shortfall means that government agencies are repeatedly noting that there is "a continuing need for fiscal restraint in the public sector and a drive for cost effective education" (MoE 2011: 7).

The focus on economic efficiency has had a direct effect on what courses are taught, and non-economic courses (those with limited or low enrolment) are shed. For example, at Victoria University of Wellington 'financial reviews' were used to close Gender and Women's Studies, the Masters of Strategic Studies, and the Social Science Research and Evaluation programmes during 2009 and 2010. Where institutions once used cross-subsidies between departments to keep courses running for pedagogical reasons even if enrolments were low, it seems in the new tertiary market this is less likely to occur.

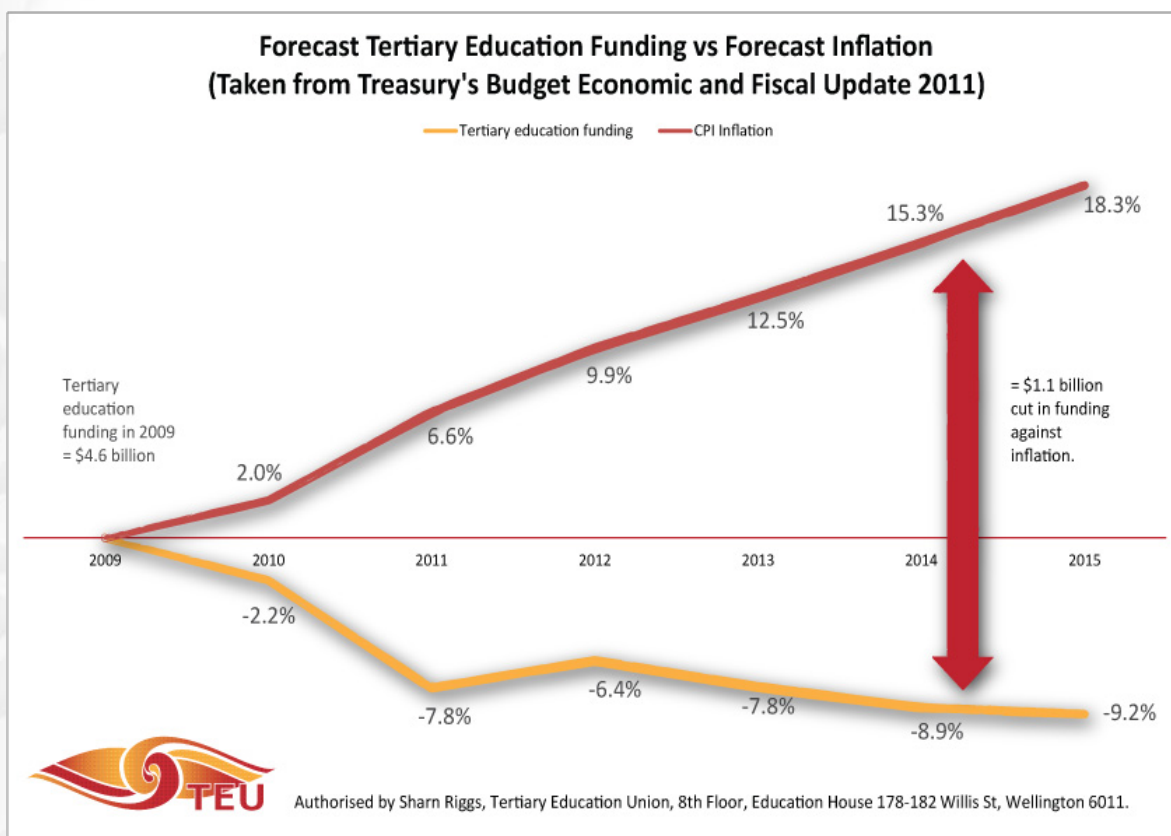
The drive for increased efficiencies has impacted upon the student: staff ratio in New Zealand institutions.



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Figure 1



The TEC's Financial Performance Information shows the rising numbers of students and falling number of staff in the sector. In 2008 the student staff ratio was 17.9:1 and by 2010 it was 19.8:1. This approach to achieving economic efficiency has major implications for teaching and learning. For example, recently at one polytechnic where staff numbers had been deliberately cut, plumbing tutors were required to combine two classes together. The result was 24 students working in welding bays, with oxyacetylene tanks and other potentially dangerous equipment, when there is only space for 16. Not only does this mean less one-on-one

tutorial help for the students, it poses a major health and safety risk for both staff and students.

The focus on 'economic efficiency' has also led to a rise in contingent work in the tertiary education sector, as the more efficient sector is seen as one in which 'research' is seen as

the pinnacle of tertiary education environment. The result is that research stars are given space to 'research' and teaching has increasingly been moved to fixed-term/casualised labour. Our members have shared experiences such as departmental heads being pressured to only employ high-ranking researchers, with other staff being threatened with performance management if their research outputs are deemed inadequate. Jobs are advertised highlighting 'research' in a way not seen before. And employers have sought to vary collective employment agreements so that staff members who are unlikely to rank highly in PBRF evaluations are not counted for the census date. For example, we are seeing the creation of new categories of 'academics' such as Professional Teaching Fellows at The University of Auckland – academic positions with less pay and limited career paths.

The drive for efficiency has also increased the amount of evaluation individuals in the sector and tertiary institutions themselves are required to complete. The requirement for external accountability (for measuring and counting the outputs of the sector) has led to the growth of the 'centre'. "If the government wishes to reduce the size and cost of the centre, it could review which roles and functions are best undertaken by the centre and which are most properly undertaken by education providers" (MoE 2008: 13). We suspect that the model for the sector has also led to higher

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transaction costs within each institution (for example, in the increased size of senior management teams to administer accountability measures, or in the teams needed to meet measures to secure funding allocation requirements under the PBRF funding model). However, as of yet there is no research on the transaction costs of New Zealand's strategic steering model.

Trampling on the non-economic goals of education

The narrow economic goals set by the government and the corporatisation of tertiary education cut across the primary legislation governing the tertiary education sector – the Education Act 1989. The Education Act sets out clearly that the sector has a:

- Critic and conscience function
- Role in creating good 'citizens'
- Requirement to contribute to broad social, environmental and economic development goals (Education Act 1989, Sec 159AAA(1)(d) & (e)).

The economic focus also cuts across government rhetoric about institutions contributing to the "success for all New Zealanders through lifelong learning" (TES 2007-2012 : 20). These broad goals are not part of the drive for 'economic growth' and 'labour market productivity'.

The narrow economic goals also impact upon the daily lives of those studying and working in New Zealand's tertiary education institutions. This is because "with goals, people narrow their focus" (Ordonez et al 2009: 6) and "you get what you reward" (Ordonez et al 2009: 7). Within the tertiary sector, three decades of change have resulted in people being motivated by external rewards rather than intrinsic value of the job itself (Ordonez et al 2009: 15).

An example of how this narrow focus cuts across the needs and desires of ordinary New Zealanders is found in relation to who gets to study, how they can study, and what they get to study. In an environment of fiscal constraint the National-led government has decided to 'target' its investment on learners aged 18-25 (Treasury, 2011: 21). This targeting is based on drivers for higher economic returns for the taxpayers' investment in education: "Policies to encourage participation in tertiary education at younger ages have the potential to provide better return on government expenditure in tertiary education." (MOE 2008: 11). As the TES 2007-2012 (30) also notes, OECD research which shows "a female

school leaver starting a degree can expect a return of 13 per cent a year on her investment in tertiary education, while a female aged 40 when starting a degree gets a return of 7.5 per cent."

Steering ensures the 'right' students are admitted to tertiary study: "There is little value for anyone if learners enrol in tertiary provision that they are unlikely to complete, or which lacks a clear progression to higher-level study." (MoE 2011: 30). This approach leads to 'risk aversion' with regard those studying part-time who are being excluded from tertiary studies through enrolment policies and changes to the student loan policies.

There has also been a drive towards higher-level qualifications. The 2010-2015 TES (11) notes: "There is a significant wage premium for people who complete higher-level study, particularly bachelor's degrees." Because funding is targeted towards higher level degrees, many courses at lower levels have been closed, often with little contemplation of the pedagogical impact. For example, the Ministry of Education (2001: 11) noted it was important to ensure it was "redirecting government expenditure away from low value spending, such as adult and community education courses for personal interest, towards higher value spending, such as degree level study." Staff have also watched as universities have shed 'uneconomic' university preparation in order to hand the work over to neighbouring polytechnics.

TEC may acknowledge that "one challenge is to develop funding arrangements that can be tailored to individual circumstances and support a range of distinctive contributions within the sector" (2008:32) but current approaches have failed to do this. The focus on funding on higher level degrees has led to 'mission drift' in the New Zealand tertiary education sector, an outcome being witnessed around the world. As Vincent-Lancrin (2007: 16) notes "New actors – corporate universities, consortia, virtual universities, and others – have entered higher education have started to blur the usual borders between institutions." The question is how do we stop "'mission drift' and convergence around a single dominant model of institution, normally that of the comprehensive research university" (Marginson 2007: 96).

Given that the strategic goals of the government for tertiary education were implemented over the top of the market-led approach to education it should not be surprising that the goals of the sector have been narrowed towards economic growth and labour market productivity.

In an environment of fiscal constraint the National-led government has decided to 'target' its investment on learners aged 18-25



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Hollowing out the tertiary education sector

The creation of a single tertiary education market has resulted in the 'public good' element of education being overshadowed by the private benefits of completing post-compulsory education. Debates around student loans illustrate the dominance of the idea that education is a 'private good'. "Reintroducing interest on student loans would create greater incentives for students and/or their families to save for tertiary education without significant adverse effects on tertiary education participation" (Treasury 2011: 15).

The shift to seeing tertiary education as a private good has led to rising costs for students, an increased 'private burden'. New Zealand is one of the nine OECD countries where private income contribution exceeds 30 per cent of the total income of tertiary educational institutions (OECD 2006). We need to debate in New Zealand the point at which this contribution of private funding into tertiary education will become 'intrusive' on teaching and learning, and on any equity goals.

Meanwhile steering has stifled academic freedom (Codd 2001: 17) and has cut across research for knowledge (Zepke no date: 4). We only need to consider how government agencies think of academic freedom to see this effect. The TES 2007-2012 (25) notes there are challenges and opportunities to balance in research: "These include increasing collaborative research with sector partners, navigating academic freedom and managing intellectual property". Service beyond the academic profession (peer reviewed research) has been deemed as 'non-economic' in performance measures and funding regimes. The focus is now on research for 'business' which devalues the critic and conscience role of academics. This issue was debated recently on a radio programme (Media Watch 12/2/12) which asserted that New Zealand academics were absent from the global financial crisis debate; and in the New Zealand Herald (3 February 2012).

The absence of academic considerations in the direction of the tertiary education sector is in part due to the 'public choice' rhetoric which took hold in New Zealand during the 1990s. As was noted earlier, under the 'market liberal' philosophy interest groups (and that would include staff and their representative unions or associations) are seen as 'self-interested', 'vested' interests, seeking special advantages or 'privileges' for themselves which are contrary to the public interest and to the long term prospects of the country" (Olson 1982, Vowles 1993 cited in Mulgan 2004, p. 212). Purging tertiary institutions of its

The focus is now on research for 'business' which devalues the critic and conscience role of academics.

'vested interests' has meant dismantling collegiality and staff participation in decision-making (Russell 2007: 113). This has been extended into the governance of institutions. Prior to the Education Amendment Act 2010, staff representatives were elected to the councils of polytechnics. Now the government has primary responsibility for appointing these boards and we have witnessed the imposition of a corporate governance model on the sector. Even the public (citizens who pay for the sector through their taxes) do not seem to feature the consultation and documentation which sets the strategic direction of the sector.

What we have seen in New Zealand, as in other nations where market philosophies and economic drivers now underpin tertiary education policy, is a clash of cultures

– a clash between the independent autonomous tradition of the tertiary sector with a corporate-managerial approach (Morris 2005: 388). The market model has in many ways eroded the core of the sector (Codd 2001: 2). The policy regime has resulted in the creation of the corporate-managerial tertiary institution: one that receives credentials from outside; is part of a command chain; is about hierarchy not voluntary cooperation; and one where you evaluate teaching and research by reference to external criteria (Hedley 2010: 119-120). It is a low trust model with high levels of external 'accountability' measures. For our members, in many cases this led to workload intensification, larger classes and increased demands to meet administrative requirements.

Course planning and curriculum development, marking and assessment (including moderation) and internal administration (and advisory committees) account for the highest increases in workload reported in recent times (i.e. since 1989) (McCormack, D, Ovens, J et al 1997: 19).

It is not just the autonomy of institutions which has been trampled on by external accountability, but the autonomy of individual professionals within them. The market model, with its high level of external monitoring, is an approach that conflicts with the underlying tendencies which motivate 'professionals' to work hard. A significant body of research shows that professional identities are based on both (internal) self-determination and (external) definitions of oneself that are offered by others (Middleton 2009: 196). Increasingly in the New Zealand tertiary sector we see the domination of the external definitions – for academic staff and professional staff from administrators to librarians to technicians – and little room for self-determination. Perhaps one of most discussed disciplining tools has been the

PBRF. Codd (in Middleton 2009: 196) notes that the individualisation, and compulsion, of the PBRF suggest that its “consequence for academic identity are likely to be greater than is the case with the RAE”.

Our problem is not with the concept of efficiency but rather a wariness of the benchmarks being set. “The NPM sees national systems as economic markets and imagines institutions as firms driven fundamentally by economic revenues and market share, not teaching, research and service as ends in themselves” (Marginson 2007: 80). We

are also wary of the drive for continual improvement and ever increasing economic efficiency. “The Government wants to see on-going improvements in the performance of the system. In particular, we want providers and industry training organisations to be more responsive to demands of both students and industry and to make better use of scarce resources” (TES 2010-2015: 13). There must be a point where efficiencies have been reached.

For example, at what point do student: staff ratios reach an optimal level? At what point are we allowed to say we have reached the optimal point that allows for economic efficiency and quality learning?

Having reflected on what is happening in New Zealand, we agree with Hedley that it is the increased monitoring role of the government that is of significance to the sector (2010: 125). Hedley (2010: 141) also notes that tighter central control of university activities results in more information about their activities, which in turn is treated as revelation of further ‘problems’, the remedy of which is taken to be

even greater control.

It is difficult to get a balance between autonomy and control in the tertiary education sector. It is naïve to think the state would bankroll the sector without attention to how money is spent, but there must be a balance between control and freedom (Hedley 2010: 132). We argue that the harm being created in the sector is evidence that the balance has shifted too far towards heavy-handed government steering.

There must be a point where efficiencies have been reached. For example, at what point do student: staff ratios reach an optimal level? At what point are we allowed to say we have reached the optimal point that allows for economic efficiency and quality learning?

There is an indication that politicians know that the sector requires a light hand. Steve Maharey (the Education Minister responsible for introducing ‘steering’ through TEC and now Vice Chancellor of Massey University) noted “What the government is looking for from TEC is firm but unobtrusive steering of the whole system towards relevance, excellence,

access, capability, and collaboration” (in Mahoney 2003: 15). And in 2006 then Shadow Minister for Education Bill English stated: “Tertiary institutions should advocate for a much-simplified system with less central bureaucratic discretion, certain sanctions, and greater institutional autonomy. They should be demanding that central government stick to quality monitoring and funding limits until it can demonstrate that its own strategic processes can in fact add value to the institutions.” But government agencies seem to feel that the steering imposed on the sector has not gone far enough. “There is much to be done to more effectively leverage our investment in tertiary education

Can we change the rules of the game?

to grow and strengthen the economy” (MoE 2011: 25). We have seen the sector overall (universities, ITPs, wānanga) ‘disciplined’ in order to meet ‘national objectives’, which in a parliament democracy where the term of government is three years, means fulfilling ever changing and altering national objectives of major political parties.

Heavy handed steering is problematic for a number of reasons. Firstly, the government has over-estimated what it takes to steer the sector. “Tertiary education systems inherently are complex and resilient, which makes steering a daunting task.” (OECD 2008: 41). Secondly, the steering has a negative impact on the autonomy so crucial to a flourishing tertiary education sector. What we have seen is creation of processes to determine strategic direction at the expense of

ensuring that the sector has the freedom to teach and research unhampered by whatever political ideology has currency (OECD 2008: 42). Thirdly, like the rest of the state sector, the model which now characterises the tertiary sector is, we would argue, a low trust model, in which tertiary education staff are no longer viewed as professionals but as vested interests, who must be monitored and controlled. The lack of trust and autonomy is detrimental to the long term future of tertiary education and the commitment of staff to the sector. In fact in most of the government documentation, staff appear to be absent. Reference is made to ‘stakeholders’ (usually students and business), of tertiary institutions, of consultation with peak bodies and industry, but rarely with staff.

The time frame for the achievement of the



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government's economic goals is also problematic. In practice in New Zealand there is a frequent shifting of goals, priorities, and objectives because of our three year election cycle. The latest briefing to the incoming tertiary education minister states: "Strong fiscal and performance imperative require a further lift in tertiary education performance *over the next term of Government*" (MoE 2011: 3 *emphasis added*). Even the major strategy itself is changed with each new government: "This Strategy will revoke and replace the previous Tertiary Education Strategy 2007-2012, as required by the Education Act 1989" (TEC 2010: 3).

The first step in redressing the harm being done the tertiary education sector is to create a new vision for the tertiary education sector. We are not alone in seeking to carve out a vision for the future. Vincent-Lancrin (2007: 3) notes that the urge to reflect on the future of higher education worldwide is highlighted by number of on-going projects on the subject, the increasing literature on this subject, and, policy papers reflecting future directions for education.

A twenty-first century society needs a vibrant, diverse, creative, and dynamic tertiary education sector. We need to be able to effectively respond to the major challenges facing the world and the response required will not merely be an economic response. While government documentation limits tertiary education to achieving 'economic' outputs (MoE 2011: 6) there is room to move beyond a narrow economic framework. Compulsory education is still seen as having very broad goals: "Our over-riding goal is a world-leading education system that equips all learners with the knowledge, skills and values to be successful citizens in the 21st Century" (MoE 2011: 3). We need to reassert that these broad goals apply not only to compulsory education, but to life-long learn. Even for the economy a broad teaching and learning environment is important. We need workers who are innovative and responsive to change, and this comes through broad based curriculums offered at a range of levels. And we need citizens who are broad minded and life-long learners.

New Zealand's citizens and taxpayers do not need people to be trained solely for them to earn a larger salary in order to purchase more. We need tertiary education to provide our society, our communities, our families, and our economy with people who can fully take up their place creating, innovating, learning, fixing, mending, and developing all that is needed to ensure that our world is a better place. The collective good of tertiary education will only be realised if we allow freedom and space for teachers and learners to do

what they all want to do so desperately – to teach and learn.

The outputs of the sector should be evaluated but New Zealand needs to drop the single focus of 'economic efficiency'. Governments and their agencies are also going to have to abandon policy evidence based solely on outputs that can be 'measured' or 'counted'. Data from the tertiary education sector is limited and this needs to be fully acknowledged before the data become 'facts'.

A tertiary education sector that delivers broad social, scientific, human, and economic progress needs a funding and policy regimes which achieves a balance between: research; teaching; community service; and credentialing (providing degrees). Pedagogical considerations must be weighted as being more important, or at least as equally important, as economic considerations when deciding on who can learn and what they can study. We need to reassert that "the benefits from attaining tertiary qualifications are much broader than purely monetary ones" (Bhaskaran et al 2007: 213). We need to foster creativity and

innovation. Managers in the tertiary sector and governments needs to consider the way in which creative industries are beginning to 'free up' staff from strict accountability for every minute of their day and allowing them room to flourish as creative actors. It is also important to cease the continual change in the sector and provide some security for those who work within it so they can focus on long term

goals, particularly with regards to research (not single year or multiyear goals, but goals stretching out over several decades). Job security, what for academics was once called tenure, can help creativity flourish but does require high levels of trust. Improving job security and removing competition for funding may also help individuals and their institutions to co-operate for the good of all New Zealanders, rather than competing for the good of their institution, their department, or for their own career advancement.

Collaboration and co-operation is important if tertiary education to flourish. We need to find ways in which to stop debates which pit investment in students against investment in staff. This competition is evident in government documentation: "Universities have been framing what they describe as an under-funding issue in terms of striking a better balance between investment in student support and direct investment in institutions, and the basis on which cost pressures are met through the funding system." (TEC 2008: 27). And we need to find ways to value what is done in the many parts of the sector. In recent years both

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university and polytechnic lobbies have been putting out documents which illustrate that the government investment in their sector is the most economically efficient way forward. This narrative of competition is harmful if we want to ensure that a diverse range of teaching and learning approaches flourish in New Zealand.

Finally, there is no doubt any solution in the short terms means we must “make best use of scarce resources” (TEC 2008: 27), but in the long-run staff, students, their families and communities will need to demand greater investment in tertiary education even if it means giving back tax cuts.

How do we know that this is the best direction for tertiary education? This direction is justified by the aims of the sector as set out in the Education Act (a normative base) as well as in the needs of the world we live in (an empirical basis). We know it is needed because we have listened to the professionals who work in the sector. And this is the final piece of the puzzle, the government – if it is going to steer the sector – must listen to the staff who are experts in their fields (teaching, research, education support). Documents by government agencies repeatedly note that the ‘system’ has a role to play in identifying where future investment should go (See For example the TES 2007-2012: 36). The question is, who do agencies mean when they are talking about ‘the system’ and ‘stakeholders’? There is no indication that the government agencies mean staff who work in the sector, other than the ‘managers’ of the system. Larner and Craig maintain that the NPM environment delegitimised expertise gained by years of experience, replacing it with imposed requirements of “managerialism”, “professionalization”, “skill development”, and “technical capacity” - all terms which offer a common sense understanding but are often expressed without an explanation of actual implications (2005, pp. 408-409). In the tertiary sector it means that the advice of teachers, researchers, technicians, librarians, and so on, is ignored in tertiary education decision-making.

Pedagogical considerations must be weighted as being more important, or at least as equally important, as economic considerations when deciding on who can learn and what they can study. We need to reassert that “the benefits from attaining tertiary qualifications are much broader than purely monetary ones” (Bhaskaran et al 2007: 213)

A fundamental philosophical change – a paradigm shift – is going to be needed if we are to see the recreation of the New Zealand tertiary education sector in a way that fits the Education Act. We have two paths that may lead to this paradigm shift. The first is to allow the current rules of the game to reach their natural end, and watch as the sector fails. However, this will

have huge human costs – it will harm staff, to students, to whole communities. The second path is to keep fighting back. We need to show up the system for what it is. Such an approach requires constant and concerted effort at all levels of our institutions and government machinery. We need to find ways to get our voice back.

Over the last decade the voice of the sector has been muted, a symptom of the restructuring of tertiary education itself. Many of the professionals in the sector are too tired, too busy, or too scared to speak up. We must stand up and defend the autonomy of the sector as a whole. Fatigue, apathy, and fear can be overcome if we fight collectively. What better

place to start than to lay bare the very changes that have disciplined our behaviour – the single tertiary education market that is steered by government to meet economic goals. Not only to lay bare this travesty of a system but to seek its demise.



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