



Making a dollar

Two months ago, New Zealand's largest private tertiary education company Intueri, announced a \$1.6 million profit, courtesy of a massive increase in public funding over the last two years of at least \$1.8 million.

In effect, the Government had subsidised Intueri's private shareholders to make a profit off New Zealand students.

Intueri is a publicly-listed stock-exchange company that owns five private training establishments (PTEs). It is a company with campuses at 26 locations and about 9000 student enrolments.

Of Intueri's five PTEs, we were able to find government funding figures for three of them in the Government's 2014 funding data. Those three (the Design and Arts College of New Zealand, the Elite International School of Beauty and Spa Therapies Ltd, and the Cut Above Academy) received a combined increase of \$1.8 million in public funding between 2012 and 2014. In 2012 the company received at least \$6.8 million of public funding. In 2014 it received at least \$8.6 million.

The situation with Intueri, as with the broader tertiary education environment in New Zealand, is increasingly messy. The chair of Intueri's board, Chris Kelly, is also the chancellor of New Zealand's largest public tertiary education provider, Massey University. That dual role appears to us to conflict with his commitment to the university and to promoting high quality accessible public education. It is hard to square such a philosophy with chairing a company that believes education is a tradable commercial service. Indeed Massey and Intueri even offer competing courses.

While people investing on the share market might be celebrating the Government's largesse over the last two years, students in our regional public polytechnics saw their funding fall by \$17 million over the same period.

The Government is directly transferring money from students in public polytechnics to private investors on the stock exchange. It is corporate welfare at the expense of students.

This bizarre outcome is the result of a decision several years ago by the New Zealand government to 'restore equity' to tertiary education and 'remove the funding gap' between public and private education providers.

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tertiary education landscape supporting a comprehensive, accessible and equitable public education system.

However, as soon as those private tertiary education providers start competing with public education providers, instead of collaborating with them, they undermine rather than enhance public education. When their focus is cherry-picking students, winning gov-

ernment grants or generating profit for business owners and shareholders, they miss the point of public education. Any government that believes education is a service to be bought and sold for a profit misses the point of public education. And any government that thinks spending money to help a company generate a profit on a public service that used to be free needs a better public education.

According to its proponents, the private sector is supposedly better than the public sector at delivering public services because it is more efficient and responds to signals from the public. Thus, it saves us taxpayers our money. However, this company is not saving taxpayer money because it is doing the educating cheaper than for what it was paid and is giving the remainder out as a dividend to shareholders.

This company, which either can't or won't generate a profit without the help of large government subsidies, is efficiently reading market signals. The signal it has read is that the big pool of cash the government awarded it need not be spent on education, it can cash it up as shareholder returns instead. ❖

Lesley Francey is National President/ Te Tumu Whakarae, New Zealand Tertiary Education Union/Te Hautū Kahurangi o Aotearoa

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Since then private providers received an extra \$30 million of public money, while polytechnic funding fell commensurately. The government also opened up to competition funding to foundation level courses for people entering tertiary education. Polytechnics suddenly found they needed to tender to teach students they had always previously taught. Most lost their contracts to other providers offering to do the task for a cheaper price.

This transfer of money from public to private education is a blatant attack on public education but it also does not even make economic sense.

There are some great private training establishments in New Zealand and some great staff working in them. Private education does have a place in New Zealand's