

Submission

By



To the

Education and Science Select Committee

On the

**Education (Establishment of Universities
of Technology) Amendment Bill**

3 March 2008

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**SUBMISSION BY BUSINESS NEW ZEALAND¹ ON THE EDUCATION
(ESTABLISHMENT OF UNIVERSITIES OF TECHNOLOGY) AMENDMENT
BILL**

3 MARCH 2008

1. INTRODUCTION

- 1.1. Business New Zealand welcomes the opportunity to comment on the Education (Establishment of Universities of Technology) Amendment Bill [hereafter referred to as 'the Bill'].
- 1.2. Business New Zealand's members collectively employ around 80% of the private sector workforce. As such, we have a strong interest in education, training and other policies that affect the quality and level of skills in the current and future labour market. Increased skill shortages over the past three years have heightened business' interest in tertiary education and training, and in efforts to improve the tertiary system's performance.
- 1.3. Business New Zealand welcomes moves to increase the responsiveness of the tertiary education system to industry needs. However, we are not convinced that establishing a new category of tertiary institution is the best means of achieving this goal. We note that peak industry bodies such as the Institution of Professional Engineers New Zealand also have reservations about the Bill.

2. RECOMMENDATIONS

- 2.1. Business New Zealand **recommends** that:
 - 2.1.1. The Education (Establishment of Universities of Technology) Amendment Bill not proceed.

3. ANALYSIS OF BILL

- 3.1. Business New Zealand supports the broad intent of the Bill – namely, the development of more business-focused higher education. Business and industry have been expressing concerns for some time about the quality and relevance of tertiary education and the work-readiness of graduates. However, we are not convinced that there is a need to establish a new category of tertiary institution in legislation. We have reached this conclusion on several grounds:
 - There are few clear international parallels to the Bill's proposals;
 - Establishing a new category may send the wrong signals to current institutions;

¹ Background information about Business New Zealand is attached as Appendix 1

- It will be difficult – and possibly harmful – to implement the Bill.

3.2. Each of these grounds is expanded upon below.

Few clear international parallels

3.3. Supporters of having a ‘university of technology’ category in law have pointed to institutions overseas – such as the Massachusetts Institute of Technology (MIT), the University of Technology Sydney (UTS) and the Queensland University of Technology (QUT) – as models for the Bill’s proposed approach.

3.4. Closer inspection of these international institutions, however, reveals that they do not make the case for a ‘university of technology’ category in legislation, especially as the Bill envisages such bodies. For example,

- All three of the institutions cited above offer degree-level education and above, with little to no sub-degree courses on offer.
- There is no separate ‘university of technology’ category in Australian State or Federal law, and the University of Technology Sydney has the same objects and functions in law as the University of Sydney (which is a member of the Group of Eight research-intensive universities).²
- The Massachusetts Institute of Technology is in fact a research university, and recognised as such by the THES-QS World University Rankings, the Shanghai Jiao Tong University Annual Rankings of World Universities and the US National Research Council rankings, amongst others.

Potentially sends wrong message to the existing institutions

3.5. The ‘Background’ comment in the Bill states that “a university of technology will demonstrate the same essential characteristic as any other university, but the primary mission of a university of technology will be to raise workplace skills and knowledge to meet a broad spectrum of industry, business and community needs.”

3.6. The goal of having universities that are focused on meeting industry needs and raising workplace skills and knowledge is highly commendable, and consistent with the goals of the 2007-12 Tertiary Education Strategy. Business New Zealand has long argued that

² See section 6 of the University of Technology, Sydney Act 1989 (New South Wales legislation, Act no.69) and section 6 of the University of Sydney Act 1989 (New South Wales legislation, Act no.124).

systematic engagement with business is vital for all tertiary education institutions, including the universities.

- 3.7. In our view, such engagement is central to improving the quality of students' learning experience and to enhancing tertiary education's contribution to economic growth. Universities do currently engage with business and industry in some form and much of this interaction is of high quality and value. However, business-university engagement also tends to be short-term, *ad hoc*, driven by personalities rather than strategy, and limited to a small number of departments or faculties. There is scope for improvement.
- 3.8. Our concern with the proposal to establish a new category of institution is that it may signal to the current universities that they will not need to engage with business in a substantive way, since the universities of technology would fill this role. Such a division of labour is implicit in the general policy statement of the Bill, which appears to suggest that the current universities would focus instead on postgraduate education and "internationally published research."
- 3.9. A secondary concern is that the creation of a new institutional category may encourage some of the larger and broader-based polytechnics to seek university of technology status, in order to gain marketing advantages. Once that status has been achieved, the temptation to look more and more like a traditional university is likely to become irresistible. This would be a regrettable outcome, as strong vocational education institutions are important for New Zealand's prosperity.
- 3.10. We note comments from the Bill's proponents that the TEC should be able to restrain such behaviour. But the decision to establish (or reclassify) an institution is for the Governor-General – on the advice of the Minister – to take, not the TEC.³ Given the potential gains to be made by institutions, we would be very surprised if the creation of a new institutional category in law did not lead to an upsurge in political lobbying by polytechnics or wananga for reclassification as "universities of technology".

Implementation may be harmful

- 3.11. At a more fundamental level, Business New Zealand is concerned that focusing on institutional categories risks distracting providers and regulatory agencies away from the really significant issues in tertiary education.
- 3.12. One of the most heartening aspects of the recent round of tertiary policy reforms for business has been the focus on outputs and

³ Section 162, Education Act 1989.

outcomes, especially the goals expressed in the Tertiary Education Strategy of:

- “increasing relevant skills and competencies for productivity and innovation”;
- “increasing literacy, numeracy and language levels for the workforce”; and
- “increasing the achievement of advanced trade, technical and professional qualifications to meet regional and national industry needs.”

- 3.13. At the end of the day, business cares about the outputs of tertiary education – e.g. the graduates and research. Who produces these outputs is generally a secondary issue. What is of paramount importance is the quality and relevance of these outputs.
- 3.14. Employers have signalled in recent years that they believe the tertiary education sector is not performing adequately. The 2005 Business New Zealand election survey of 1,100 businesses of all sizes across the country revealed a low rate of employer satisfaction with the entire tertiary education sector.
- 3.15. These findings have been replicated in other similar surveys. For example, Professor Paul Spoonley’s survey of employers in Waitakere, Rodney and North Shore found that only 25% considered university education was fully effective or relevant. The employers also commented that university and polytechnic education was not practical enough, too theoretical and lacked sufficient exposure to the world of work.
- 3.16. It could be argued that establishing universities of technology that are devoted to meeting “a broad spectrum of industry, business and community needs” will assist in raising employer satisfaction with the outputs of tertiary education. In our experience, however, the process of determining whether or not an institution fits into a particular legislative category tends to focus minds and action on inputs, rather than outputs.
- 3.17. For example, when the Auckland Institute of Technology (now AUT) applied to become a university in the late 1990s, it was required to demonstrate it had a certain percentage of students at undergraduate at postgraduate level, and that its academics were producing a pre-determined volume of research. NZQA was then required to devote time and resources to verify these statistics.

- 3.18. A similar process of setting and assessing input standards would no doubt be required to ascertain whether or not a particular institution met the characteristics of a 'university of technology', especially as the definition provided in section 6(3) of the Bill is open to a number of interpretations. We are not convinced that this process would represent a good use of public resources.

4. ALTERNATIVE POLICY RESPONSES

- 4.1. From our perspective, what is needed is not a new institutional category with all its associated enforcement costs, but mechanisms that encourage all tertiary education providers to focus on improving learner and stakeholder satisfaction with the quality and relevance of their teaching and research programmes. With the recent round of reforms, the TEC has been given some fairly sophisticated powers and tools to intervene and shape the tertiary system. In our view, the TEC should first be given a chance to try these new tools out, rather than leaping to a legislative solution.
- 4.2. Greater flexibility around the enforcement of institutional categories could also be beneficial. The Government's 'distinctive contributions' approach to institutional differentiation has focused heavily on defining what levels and types of education each category of provider should offer. This may make the overall tertiary education system look tidier, but this tidiness can come at an educational cost.
- 4.3. For example, institutions may feel compelled to shed popular and well-regarded programmes in order to fit into some centrally-determined schema of what their 'class' of provider should look like. We understand, for example, that the Wellington campus of Massey University (formerly Wellington Polytechnic) dropped a number of sub-degree vocational programmes in response to the TEC's call for universities to focus on degree-level education.
- 4.4. In summary, therefore, we consider that a more efficient and effective course of action would be to:
- give institutions a little more room to move within the existing legislative categories; and
 - introduce publicly-available performance measures for all tertiary institutions, focusing on relevance and business satisfaction.

APPENDIX 1

BACKGROUND INFORMATION ON BUSINESS NEW ZEALAND

Business New Zealand is New Zealand's largest business advocacy organisation.

Through its four founding member organisations – EMA Northern, EMA Central, Canterbury Employers' Chamber of Commerce and the Otago-Southland Employers' Association – and 67 affiliated trade and industry associations, Business NZ represents the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

In addition to advocacy on behalf of enterprise, Business NZ contributes to Governmental and tripartite working parties and international bodies including the International Labour Organisation, the International Organisation of Employers and the Business and Industry Advisory Council to the Organisation for Economic Cooperation and Development.