

Submission by



to the

University Advisory Group

on

Phase 2 Consultation

30 August 2024

Introduction

The BusinessNZ welcomes the opportunity to make a submission to the University Advisory Group's Phase 2 consultation. This phase focuses on the teaching, research and knowledge transfer activities in New Zealand's universities, as well as their governance and management. These activities are all vitally important, and we believe they could all be improved.

In our Phase 1 submission, our main arguments were that:

- the universities could be doing more to support business and economic growth
- the universities are largely disconnected with other parts of the RS&I system
- knowledge generated in universities not often commercialised because the incentives for academics favour publication over IP
- technology transfer offices also hinder commercialisation.
- delivery of teaching is duplicated across different institutions, and could be more efficient.

In this submission we provide commentary on the questions and look forward to engaging with the UAG Report recommendations. Our comments are mindful of the fact that the universities operate under a statutory requirement to undertake both teaching and research that meet international standards.

Teaching delivery

We have no particular concerns about the quality of what is taught in New Zealand's universities, but we believe that there is the potential to deliver much of what is taught more efficiently.

The experience of COVID demonstrated that it is possible to deliver a lot of the teaching on-line and on-demand. On-demand availability of lectures means that students can organise their time efficiently and make it easier for them to combine employment and study. The benefit of this is that students are better able to avoid debt. The benefit to employers is that this, in effect, increases the supply of labour.

Undoubtedly, the universities will have continued with on-line and on-demand delivery, but there is the potential for increases in efficiency across the system. This would come from different institutions sharing delivery of lectures, rather than each of them delivering essentially the same content at roughly the same time. We imagine that the universities may balk at this idea, but the potential cost savings are likely to be significant, given the fact that multiple universities offer similar content in the same subjects, especially at 101 Level.

We recognise, however, that the teaching environment is complex, and that more use of on-line and on-demand delivery is not a complete solution. Further innovation will be required.

University staffing

Analysis by the New Zealand Initiative shows there is a disproportionately high ratio of administrators to academics. With advances in technology the universities could achieve greater efficiencies in administration, as well as in teaching.

At the same time, immigration settings should favorably incentivise world-class academics to come to New Zealand and facilitate global links in areas of specialization relevant to economic and social progress. BusinessNZ considers this should be considered in the work visa and skilled migrant category reviews.

Award of qualifications

Extending the logic of shared delivery of teaching, it would be possible, in theory at least, for the universities to jointly award degrees. The universities already offer conjoint degrees internally, and they also cross-credit students transferring from one institution to another. It should be possible for a student to gain, for example, a degree in Economics and Law, with the Economics component accredited by one university and the Law component accredited by another.

This could be of benefit mainly to students, although we do not anticipate that many would want take advantage of the possibility.

Qualifications and mix of provision

Generally, New Zealand qualifications are well regarded, with things like engineering recognised internationally by meeting international accords. However, there is a question as to whether the mix of provision is geared towards labour market outcomes for individuals, and economic and social outcomes for New Zealand.

New Zealand has a significant issue of brain drain, and ensuring qualifications reflect the skills needed in companies, and greater efforts on transition to employment, industry partnerships and work experience during study to ensure skills are effectively utilized in business and students have clear pathways and aspirations to careers, would help mitigate the sense that there are better opportunities overseas. Many companies offer graduate programmes with great success, but this tends to be in regulated professions. More work can be done to step university graduates through the first years of employment and skill development more broadly, and universities should be taking this into account when offering qualifications.

We are also concerned that, in recent times, a number of the universities have sacrificed courses that are more costly to deliver. This mainly affects science and engineering courses that require laboratory facilities, as well as expenditure on consumables. It is also despite the urgent need and demand for graduates from these disciplines to develop a healthy technology sector in our economy.

The university graduate cohort do not meet all of the labour market demand, and the system has difficulty flexing to grow and scale high quality programmes. Partially due to the cost of provision, the system is incentivised to offer low cost, high volume programmes, rather than specialised and highly impactful programmes.

Given the current financial state of the some of the universities, there is a need to consider how adept universities are at changing to both student and business demand.

The range of disciplines also need to be considered in an international context. There are some occupations with global demand that New Zealand doesn't train for, and increasingly there is a trend for off-shore university education (note the success of firms like Crimson in facilitating New Zealand students off-shore), and it is unclear whether the driver of this demand is for an international education experience, or for better quality university education.

There is duplication across disciplines in a number of universities, and over-supply of some occupations is also a challenge. Although these graduates will likely still find employment at an earning premium, it perpetuates the skills mismatch in the labour market. A significant number of university graduates go on to enter trade training like apprenticeships, which raises the question of both transferability of university knowledge and credits across the wider tertiary education sector, and whether universities are applying appropriate scrutiny to students during the course, versus retaining students to obtain 'bums on seat' funding.

Universities should be incorporating more inter-disciplinary project work that mimics how firms work. For example, Fisher and Paykel Healthcare require teams incorporating designers, engineers, medical professionals and manufacturing specialists. Universities could learn from how the top firms operate to incorporate more industry replication in programmes and opportunities for work experience in these firms.

International education

International education is both an important source of revenue for universities, and knowledge transfer. BusinessNZ considers that world leading programmes will attract international students, and it is arbitrary to put caps on the number of students as long as international students are competent and meet the entry requirements.

International education could be a mechanism to scale up high cost and high demand programmes more effectively, and also create favourable immigration settings to ensure international education graduates are incentivised to remain and contribute to New Zealand. Currently, approximately 30% of international students remain in New Zealand after 5 years, and there is an opportunity to better meet skill shortages by utilising the skills developed and recognised in New Zealand than bringing in directly via work visas. A good example of this is planners, needed for future infrastructure booms. For those coming into New Zealand without prior knowledge or experience of the RMA, significant upskilling is needed despite existing high technical skill levels.

Quality assurance

The Committee on University Academic Programmes (CUAP) and the Academic Quality Agency for New Zealand Universities (AQA) were established by the Vice Chancellors Committee in 1993, and we believe that they should reviewed to consider whether they are still fit for purpose. By having the universities run all

aspects of quality assurance as a collective, external scrutiny is minimal, including channels for businesses to connect on industry developments that could be incorporated in teaching, learning and research.

BusinessNZ does not consider NZQA to be the appropriate agency to moderate degree approvals and content, and we believe that an alternative option of a specialised research and higher learning agency (discussed later) has merit. Given the steady decline of educational standards and achievement across all levels, quality assurance of education and reviewing the roles and functions of all agencies involved in quality assurance of education warrants consideration.

We also consider that quality assurance should include all practical arrangements to ensure students are able to effectively transfer learning and credits across institutions, particularly under the type of co-operative arrangement already in place. Mobility of learning between universities can still be limited.

Appropriate incentives need to be in place to ensure high quality teaching and learning, and suitable assessment processes to recognise key competencies. Currently, research is heavily incentivised at universities, but quality teaching and learning is geared towards achievement rates. Funding mechanisms could be used more effectively to incentivise excellence and innovation.

Generally, the universities produce a high standard of graduate with compared internationally. However, they could do better at ensuring there is consistency in connecting world leading industry insights to the teaching and research in the institutions.

Intellectual property and technology transfer

As we pointed out in our UAG Phase 1 submission and our SSAG Phase 1 submission, the universities could do more to support economic development in New Zealand. One reason for this is that career development structures for academics favour publication of research findings more than the protection of findings through intellectual property (IP) creation. We recommend that research funding mechanisms, such as the PBRF, should be redesigned to provide much greater recognition to contributions to support for economic development and collaboration with business. The quality evaluation process embodied in the PBRF is also extremely time-consuming.

We have also been told by our members that university technology transfer offices often actually impede knowledge and technology transfer. They do this by overestimating the value of the IP under their control and underestimating the cost of developing IP into something of market value.

It should be noted, however, that our members highly rate the role that universities play in developing the skills of the workforce. They also value their ability to access the skills and knowledge of individual academics.

One way of encouraging more IP creation and technology transfer would be to change the general model whereby individual academics retain one third of the ownership of IP they create, while their department retains another one-third, and the university retains the remaining one-third. If academics were able to retain a dominant share, they would be more incentivised to create IP, rather than publish, and they would be in a better position to attract the investment necessary to build a business to exploit the IP.

University governance

Although they are not businesses, we believe that the universities should be more business-like. The universities are very large and economically important organisations. Even the smallest university in New Zealand is far larger, in terms of its employment and expenditure, than the average business.

As we have suggested above, the universities have the potential to deliver teaching more efficiently, and they could also do more to contribute to wealth creation through improved technology transfer. However, a problem, as we see it, is that they lack sufficient business skills and experience in their governing bodies. This has led them to overinvest in buildings, rather than in resources and other support for teaching and research.

We recommend, therefore, that the skills matrixes that the universities use when assessing candidates for University Council membership should specify a preference for experience in management of large businesses. Having more Council members with business experience would also help to foster better links between the universities and the business sector. This would be of longer-term benefit to NZ Inc.

In saying this, we are not advocating for the use of business models in universities, just that their governing bodies could benefit from more members with business skills and experience.

Policy setting

There is a disconnect between MBIE, the Tertiary Education Commission and the Ministry of Education which slows and inhibits good policy making, and creates a lack of visibility of the research and development system

as a whole. We believe that a specialist agency would reduce transaction costs of commissioning across three agencies. It would also create greater transparency, visibility and accountability of public spend on research and development. Furthermore, it would also provide a channel (alongside a funding review) to put in place appropriate incentives and funding levels for relevant research and development for New Zealand's economy and society, and appropriate incentives and funding levels for high quality teaching and learning to prepare graduates for the workforce.

Conclusions

We believe that New Zealand's universities should change their operations, not only for the benefit of their students and the economy, but also for their own benefit.

To this end, we have indicated how teaching delivery could be made more efficient, both within and between universities. We have also indicated how more intellectual property could be created and how there could be more technology transfer from the universities to the business sector. In addition, we have suggested how the governance of the universities could be improved to enable improved investment decisions.

We recognise, however, that the principles of academic freedom and institutional autonomy are greatly cherished by those who work in the universities. This means that change is likely to be uncomfortable. But we believe that, in the interest of all New Zealanders, the government should be determined in its pursuit of change in the system.

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- [Major Companies Group](#) of New Zealand’s largest businesses
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- [ExportNZ](#) representing New Zealand exporting enterprises
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The BusinessNZ Network is able to tap into 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.

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