



New Zealand Vice-Chancellors' Committee

Briefing for the Incoming Government

November 2008

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The first universities in the Western tradition were medieval institutions established in Europe in the early decades of the second millennium. By the time New Zealand's first university was founded in 1869 universities were already very different institutions. No institution survives for a millennium without highly developed adaptive mechanisms. New Zealand's eight universities in these early years of the third millennium are radically different from their medieval namesakes. Yet they share some fundamental characteristics:

- they are concerned with the acquisition, transmission and development of higher levels of knowledge
- they seek to apply that knowledge for social, cultural and economic advancement, and
- they value their autonomy and freedom of academic enquiry very highly.

The New Zealand Vice-Chancellors' Committee represents the interests of all eight New Zealand universities in putting forward this briefing for the incoming government that will take office in late 2008. The briefing provides a frank but fair appraisal of the current state of the New Zealand universities. It raises questions about whether the adaptations that the universities are currently facing threaten their ability to maintain the international comparability of the quality of their teaching and research.

The universities' purpose in providing this briefing is to inform the incoming government and to invite it to agree a programme with the universities for its term in office that will address the adaptations the universities are being asked to make.

This briefing is an invitation to the incoming government to confirm its commitment to New Zealand's universities and:

- retain the universities as public institutions supported largely by public investment and ensure that they do not come to rely on private investment to the point where the universities can no longer be considered public institutions
- retain a unified university system for New Zealand in which there is diversity but all universities are research-intensive and of international quality, rather than create a two-tier university system where only some universities maintain internationally comparable standards of research and teaching, and
- retain equality of access to a university education for all who benefit from it, rather than make the opportunity of a university education available only to a restricted group.

A government that invests in its universities invests in part of the infrastructure that will stimulate economic and social prosperity.

About the New Zealand Vice-Chancellors' Committee

The New Zealand Vice-Chancellors' Committee is a statutory body established under Part 19 of the Education Act 1989. The NZVCC comprises the eight Vice-Chancellors of the New Zealand universities and is funded by the universities.

The NZVCC has statutory responsibility for inter-university course approval and moderation procedures, university entrance and scholarships. It exercises these responsibilities through its Committee on University Academic Programmes and its Scholarships Committee.

The Committee also advances university education and research activities and promotes the common interests of the universities nationally and internationally. The NZVCC works at the interface between government and the universities. It makes an informed contribution to policy issues, maintains dialogue between government and the universities and contributes well-argued, unified responses to developments that may impact on university autonomy or New Zealand's comparative position with international university systems.

Much of the work of the NZVCC is undertaken through committees and working parties which draw on the considerable expertise available in the universities to address policy and related issues in research, international education, the advancement of Māori and many other matters of relevance to the universities.

The work of the NZVCC is supported by a small secretariat based in Wellington.

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1. Introduction

- 1.1 This briefing serves two purposes. First, it provides the incoming government and the Ministers responsible for tertiary education and related portfolios with a status report on New Zealand's universities. Second, it sets out the universities' contribution to New Zealand's economic, social and cultural development and seeks a commitment from the incoming government to a programme of support that will enable the universities to unlock the full potential of their contribution. The briefing concludes by setting an agenda for the government and the universities to work together to address these issues.

2. Why New Zealand should care about its universities

- 2.1 Universities are amongst the most enduring of our social institutions; nevertheless they require significant investment to enable them to continue to deliver on their teaching, research and community service objectives.
- 2.2 All our universities are public institutions but they rely on significant private investment through student fees, research grants, commercial contracts and philanthropic contributions, as well as public investment through government funding, to remain viable. Achieving the appropriate balance between public and private investment in the universities has been a longstanding policy issue, particularly over the past 20 years as participation in university education has increased significantly.
- 2.3 While the sustained increase in university student numbers appears to have levelled off, it has put pressure on government funding and on students' contribution to the costs of their study. It has also put pressure on universities' ability to continue to deliver on their research mission in the face of increased student:staff ratios and on their ability to maintain and develop their infrastructure to support teaching and research.
- 2.4 The pace of innovation is quickening on a global basis. New Zealand must stay abreast of developments and on occasions take the lead. To achieve this, New Zealand needs its universities to maximise their role in research and knowledge dissemination. A specific example of New Zealand's ability to lead global innovation through its universities is its strengths in the interface between human and animal science. Government's tangible support for New Zealand universities is essential if they are to maintain their contribution to innovation.
- 2.5 New Zealand's universities have always operated in an international environment and there is ever-increasing internationalisation of their staff, students and teaching and research activities. The OECD's recent report *Tertiary Education for the Knowledge Society* notes that "the widespread recognition that tertiary education is a major driver of economic competitiveness in an increasingly knowledge-driven global economy has made high-quality tertiary education more important than ever before". New Zealand must ensure that its investment in its universities is sufficient to enable them to maintain their international standing.
- 2.6 The domestic contribution of our universities is equally important. Universities play their part alongside other tertiary education institutions in increasing the skills and knowledge

of the population and they have a particular role in preparing graduates for the professions, many of which are currently experiencing recruitment shortages. The international standing of our universities helps New Zealand retain its young people. Universities also enhance the achievement of a more cohesive and inclusive society through their contribution to our understanding of social issues and our achievement of social, economic and physical well-being. The individual universities contribute to regional development in the same way as the universities collectively enhance national development.

Student numbers

- 2.7 There are approximately 175,000 university students in New Zealand, or just over 128,000 on an equivalent full time student (EFTS) basis. A breakdown of students and staff on a full time equivalent basis is shown in Table 1.

Table 1: University student and staff numbers

University	Students (EFTS)	Staff (FTE)
Auckland	30,100	4,300
Auckland University of Technology	16,400	1,800
Waikato	9,700	1,500
Massey	19,400	2,800
Victoria	17,100	2,000
Canterbury	14,600	1,700
Lincoln	2,700	600
Otago	18,300	3,500
Total	128,300	18,200

2007 figures

- 2.8 In recent years all New Zealand universities have sought to increase the proportion of students undertaking postgraduate study. In 2000 approximately 14.5% of students (EFTS) were enrolled in postgraduate study; by 2007 this had grown to over 17%.
- 2.9 Since 2000 there has been a spectacular growth in the number of international students, with numbers rising from 6,000 to 20,000 by 2007. While China provides over half of the international students (and Asia 75% in total), the market is truly an international one, with students drawn from 130 countries. In 2007, the universities were responsible for 44% of New Zealand's export education industry, which is estimated to be worth \$2.1 billion annually.

Māori and Pasifika participation in university study

- 2.10 When Māori students leave school with secondary school qualifications their transition rate into tertiary education is as high as that of other ethnic groups.¹ The number of Māori moving from school to degree level study is increasing slowly, although it still remains at less than half the participation rate for all students and Māori continue to have the lowest rate of progression from school to tertiary study of any ethnic group. Pasifika participation in university study is a little higher than Māori but still significantly below participation generally.
- 2.11 The participation rates of Māori and Pasifika males are of particular concern, with the higher female participation level that is evident in the overall university student population even more pronounced amongst Māori and Pasifika. Compounding the lower initial enrolment level is the fact that Māori students aged 18-19 are less likely than non-Māori students of the same age to return after their first year of study and to complete their degree.²
- 2.12 Table 2 shows the university participation rates for 18-19 year old Māori and Pasifika students compared with other major ethnic groups.

Table 2: University participation of 18-19 year olds

Ethnic Group	Gender	University Participation Rate (%)
Māori	Female	12.7
	Male	8.3
	Total	10.6
Pasifika	Female	19.4
	Male	10.8
	Total	15.0
European	Female	28.9
	Male	20.9
	Total	24.9
Asian	Female	40.6
	Male	36.2
	Total	38.4
All groups	Female	28.4
	Male	20.9
	Total	24.6

Source: Education Counts website (2007 figures)

¹ *Tertiary education choices of school leavers*, Scott Ussher, Ministry of Education, November 2007.

² *Hei titiro anō i te whāinga - Māori Achievement in bachelors degrees revisited*, David Earle, Ministry of Education, June 2008.

2.13 Māori and Pasifika students are particularly under-represented at the advanced levels of university study. In 2007, Māori made up 18.9% of students enrolled in tertiary education, but only 308 (6.6%) of the 4,651 doctoral students were Māori. Pasifika students made up 6.6% of students enrolled in tertiary education, but only 118 (2.5%) were enrolled at doctoral level.³

Financial status and economic contribution

2.14 Table 3 shows the total income and operating expenditure, together with the major sources of income and expenditure on salaries, for each university and for the universities overall.

Table 3: University income and operating expenditure

(\$Million)	Income				Operating Expenditure	
	Government	Fees	Research contracts	Total	Salaries	Total
Auckland	302	175	163	741	409	718
AUT	107	85	7	222	134	210
Waikato	81	57	23	184	109	184
Massey	163	109	59	374	221	370
Victoria	127	87	28	289	158	273
Canterbury	128	73	20	258	154	245
Lincoln	22	19	13	87	46	83
Otago	219	105	73	491	271	458
Total	1,149	710	386	2,646	1,502	2,541

2007 figures

2.15 The eight universities have permanent assets of \$5.2 billion, with the Universities of Auckland and Otago accounting for 45% (\$2.3 billion) of these assets. Depreciation of these assets is one of the principal costs for the universities after staff salaries. In 2007 depreciation charges of \$286 million accounted for nearly 12% of university expenditure.

2.16 As Table 3 illustrates, direct government investment in the universities is an important source of income, representing 43.4% of university total income in 2007. Seven universities received between 40% and 50% of their income from government investment but Lincoln University received only 25.3%.

2.17 Paragraphs 2.2 and 2.3 earlier in this briefing foreshadowed the issue of funding shifts to support the very significant increase in participation in tertiary education over the past 15 to 20 years. Successive governments have funded that increase by reducing per student

³ Education Counts website: <http://www.educationcounts.govt.nz>

funding. Government funding per university full-time equivalent student fell from \$10,932 in 1991 to \$9,098 in 2006, adjusted for CPI in constant 2006 dollars.

- 2.18 The student loan scheme was introduced from 1992 to assist students to pay the fees charged by tertiary institutions to compensate for the declining government funding, and to complement the support provided to some students through the student allowances scheme to meet living expenses. The take up of student loans has expanded rapidly and subsequent policy changes such as the introduction of interest free loans while studying have added to its costs to government.
- 2.19 The outcome of these trends in government funding per EFTS and government support for student loans and allowances is that New Zealand now has an unusual profile internationally with respect to government expenditure on institutions and expenditure on student financial aid. By OECD standards, New Zealand makes a high level of investment in tertiary education. However, as Table 4 shows, the average pattern in the OECD is for 82.4% of government funding to be devoted to institutions and 17.6% to student financial support. In New Zealand, only 58.5% of government expenditure goes to institutions, while 41.5% goes to student support.

Table 4: Breakdown of Public Expenditure on Tertiary Education ⁴

	Public expenditure as percent of GDP (2005)	Expenditure on Institutions	Expenditure on Student Financial Aid		
			Grants etc	Loans	Total
Australia	1.1%	67.7%	14.7%	17.7%	32.3%
Canada	n.a (1.7% in 2004)	84.5%	11.5%	2.8%	15.5%*
UK	1.2%	74.2%	6.7%	19.1%	25.8%
US	1.3%	76.5%	14.9%	8.6%	23.5%
Average		75.7%	11.9%	12.0%	24.4%
New Zealand	1.5%	58.5%	11.6%	30.0%	41.5%
OECD Average	1.3%	82.4%			17.6%

* Includes transfers and payments to other private entities

- 2.20 The universities are major employers and have an economic impact on their region well above the impact of staff salaries. Several of the universities have carried out economic studies on their contribution to their respective regions. These studies indicate that for each full time equivalent job that the university creates, one more job is created in the wider region. In addition, the direct and indirect expenditure by the universities and their students is estimated to be three to four times that of the universities themselves. The university sector is thus responsible for employing 35,000 to 40,000 people and contributing \$10-\$12 billion to the national economy.

⁴ Source: OECD, Education at a Glance 2008, Table B5.2, p.290

2.21 A key problem facing the universities is salaries. The universities recruit staff in an international marketplace and need to be able to offer competitive salaries. Unfortunately in recent years New Zealand university salaries have fallen well behind those of the markets from which many staff are recruited – Australia and the United Kingdom. The Association of Commonwealth Universities (ACU) regularly conducts an international comparative survey of salaries and the results for the latest survey (2006-07) are shown in Table 5.

Table 5: International comparison of university salary levels

Average salaries*	Australia	Canada	United Kingdom	New Zealand
Lecturer	66,196	59,037	46,921	43,983
Senior Lecturer (midpoint)	79,696	-	59,118	57,632
Associate Professor (midpoint)	93,564	74,410	71,147	69,929
Professor (bottom of scale)	114,555	74,513	77,756	74,996
GDP per capita	32,900	35,200	31,400	26,000

* Expressed in US\$ on a purchasing power parity basis

2.22 The key findings of the ACU's survey, compared with the previous survey, are that:

- Australian academics at all levels continue to fare better financially than academics in the other three countries, with salaries 26% higher than second-ranked Canada and 44% higher than New Zealand;
- The pay differential between top-ranked Australia and second-ranked Canada is much more pronounced at the upper-end of the academic scale, whereas the pay differential between Australia and New Zealand is much more evident at the top and bottom of the academic scale;
- New Zealand's academic salary levels continue to be the lowest, some 14% lower than the UK in third place.

2.23 In addition to the differences in salary levels, Australia, the UK and Canada have university superannuation schemes that provide for much higher employer contribution levels (17%, 14% and 8% - 11% respectively) than exist in New Zealand (6.75%).

University cost pressures

2.24 Around 60% of New Zealand universities' operating costs are salaries and related costs. Indexation of university revenue should reflect the composition of university costs. The Consumer Price Index (CPI) does not do this. It measures changes in the prices of

household goods and services; it does not measure universities' main operating cost – salaries. Salaries are universally understood to move at a faster rate than the CPI.

2.25 There have been attempts to measure movements in salary costs in universities:

- An analysis by the Tertiary Advisory Monitoring Unit, measuring actual personnel costs in universities over the period 1997-2005, found costs to have increased at 1.95 times the increase in the CPI over the same period;
- A University of Auckland analysis, using a customised dataset purchased from Statistics New Zealand covering all salary and wage costs in all tertiary institutions over the period 1990 to 2005, found costs to have increased at 1.96 times the increase in the CPI over the same period.

2.26 Relatively little data is available for the 40% of university costs which are not salaries, but the Producer Price Index (Inputs) for Education (all sectors) appears to track the CPI reasonably closely. If non-salary costs are assumed to follow the CPI, then the annual average increase in university costs, relative to the CPI, can be expressed as:

$$(60\% \times (2 \times \text{CPI})) + (40\% \times \text{CPI}) = 1.6 \times \text{CPI}$$

University costs can therefore be expected, on average over the long term, to increase at 1.6 times the rate of the CPI and the next part of this briefing argues that university funding rates should increase at the same rate.

2.27 University funding for domestic students – government subsidies and student fees combined – has not kept pace with university costs in either the 1990s or the current decade. In the 1990s, revenue per EFTS fell by 18% in real terms, and in this decade so far it has fallen by a further 2%. Initiatives such as the fees freeze compensation, Funding Category Review increases, incremental increases in PBRF revenue, and the Tripartite funding for salary increases have not been sufficient to increase revenue in real terms because the impact of these initiatives has been more than offset by under-indexation of base subsidy rates and real falls in student fees.

2.28 The aggregate loss of revenue to universities since 1991 as a result of under-indexation had reached \$223 million per annum by 2006. If household cost increases rather than university cost increases continue to be the basis for indexing university funding rates, then this loss will rise by another \$120 million per annum in five years and \$282 million per annum in 10 years.

The universities and research

2.29 New Zealand's universities are its single most important research organisations. They have over half the country's research staff and the bulk of its fundamental research capability. Universities produce half New Zealand's patents and train nearly all its postgraduate students - the researchers and professionals of the future. They are also at the forefront of commercialising research results.

2.30 Statistics New Zealand's 2006 Research and Development survey indicated that research in New Zealand universities was worth \$593 million in that year. In contrast the value of research produced by the eight Crown Research Institutes (CRIs) was just over \$400 million.

- 2.31 Revenues from contract research carried out at universities have increased from \$201 million per annum in 2003 to \$386 million in 2007. Consultancy activities between 2003 and 2006 resulted in a further \$65 million of revenue. In total, revenue from university commercialisation activities, which includes technology licensing and patents is over \$400 million.
- 2.32 Between 2003 and 2006, over \$155 million of capital was raised by universities for start-up companies. In the same period, 29 new start-ups were formed, bringing the number of start-ups operational in 2006 to 44. In the four years from 2003 to 2006 the market capitalisation of university start-ups grew from \$76 million in 2003 to \$1.1 billion, while the number employed by these start-ups grew from 198 to 363 on an FTE basis.

Sources of research funding

- 2.33 The major impediment to increased research output from the universities is the shortage of funding, principally from government, but also from the private sector. The major source of government funding is the Ministry of Research, Science and Technology (MoRST), which channels its investments through three main agencies, the Foundation for Research, Science and Technology (FRST), the Health Research Council (HRC) and the Marsden Fund administered by the Royal Society of New Zealand. Funding for these agencies has done little more than keep pace with inflation and if the incoming government maintains the policy of lifting the level of R&D expenditure in New Zealand to near the OECD average, a substantial injection of funding will be needed. Currently, New Zealand's R&D spend of 1.17% of GDP is little more than half the OECD average (2.21%) and well below that of Australia (1.76%).

The principal government sources of research funding are shown in Table 6.

Table 6: Principal sources of government funding for research

Source	2003/04 (\$Million)	2007/08 (\$Million)
Foundation for Research Science and Technology	465	535
Health Research Council	52	63
Marsden Fund	33	43
Total	550	640

Note: the Marsden Fund figure for 2007/08 included approximately \$6 million brought forward from the previous year.

- 2.34 Despite producing a higher level of research outputs than the CRIs, university research receives only a quarter of the funding available through Vote Research, Science and Technology; in the case of allocations from FRST the amount awarded to universities is between 15 and 20%.

3. Supporting our universities – supporting New Zealand

- 3.1 The introduction to this briefing noted that a defining characteristic of universities was their desire to apply their knowledge for social, cultural and economic advancement. This driver underlies the programme of support the universities are seeking from the incoming government. The universities ask the incoming government to recognise that they are an essential part of New Zealand's infrastructure because they are the main source of fundamental research and the new knowledge and innovation that stems from it. Investing in infrastructure to rejuvenate New Zealand's economic growth requires investing in universities.
- 3.2 With government support, the New Zealand universities can continue to:
- undertake research that leads to innovations for better health, more effective social support and environmental protection
 - undertake research that leads to a range of commercialisation activities, including patenting and licensing, business consultancy and new start-up companies
 - play a significant role in the international research community and make a strong contribution to New Zealand's international connectivity
 - apply their expertise to advising on the solutions to a wide range of social and economic issues
 - undertake research that generates new understandings about sustainable development
 - promote social and cultural awareness, understanding and cohesion by sharing their knowledge, insights and creative works
 - develop future generations of researchers, innovators, professionals and creative artists.
- 3.3 The New Zealand universities are seeking support from the incoming government for a nine point programme which, taken overall, will significantly advance their ability to contribute to New Zealand's development. The programme includes both changes that the universities are seeking in the policy settings for government investment and in the less tangible but equally important stance that the government takes towards the universities on other policy issues.

Increased public investment in universities

- 3.4 The first part of this briefing demonstrated that although New Zealand's overall level of public investment in tertiary education compares well internationally, New Zealand under-invests in its universities. Successive governments have emphasised student financial support rather than increased institutional funding. The universities argue that there is no point in reducing the cost of university study to students if the quality of the universities themselves declines through high student: staff ratios, the inability to attract top-flight academic staff, and inadequate facilities. The universities seek government's agreement that investment in institutions is a high priority.
- 3.5 Public investment in infrastructure also strengthens the universities' ability to contribute to economic and social development. For example, the introduction of a national infrastructure of high speed broadband complemented by high performance computing is vital for

New Zealand's universities to remain internationally competitive in fundamental and applied research.

Indexation of government investment

- 3.6 The universities are seeking appropriate annual indexation for both government investment and any maxima government imposes on student fees. The significant under-funding of the universities is described in the first part of this briefing. The decline in the value of the per-student subsidy from government results from years of CPI-based adjustments to funding which are inadequate to meet the real increases in university costs. Universities seek to negotiate an indexation policy with government which appropriately recognises their real cost drivers.

Student fees policy

- 3.7 The universities' preference is for increased public investment in universities. However, if this is not forthcoming at the level needed to maintain international comparability the universities will inevitably need to rely on increased revenue from student fees. The Education Act 1989 precludes full cost fees for domestic students and the universities do not propose any change to this. Rather, they would seek a reconsideration of the current fees maxima policy to provide greater freedom for institutional decision-making and greater ability to differentiate fees amongst programmes according to the cost of delivery. In seeking a liberalisation of the fee maxima policy the universities are mindful that New Zealand salary levels are below the median for OECD countries. Nevertheless, as Table 7 indicates, student fees in New Zealand are considerably lower than fees in key comparative countries.

Table 7: Estimated annual average tuition fees ⁵

Country	Annual average tuition fees (US\$) charged by institutions
Australia	3,855
Canada	3,464
New Zealand	2,671
United States	5,027

Compliance costs

- 3.8 The universities have concerns about the complexities introduced through the tertiary reforms programme and the increased compliance costs associated with the current investment system, with its numerous "envelopes" of funding, each of which must be separately negotiated and reported. In part these compliance costs arise from the confusion and overlap of responsibilities amongst the central education agencies, particularly between the Tertiary Education Commission and the Ministry of Education. The universities are

⁵ Source: OECD, Education at a Glance 2008, Table B5.1a, p.280

seeking clarification of the respective tertiary education responsibilities of these two agencies and more effective data sharing amongst government agencies. Universities accept that they are accountable for achieving the outcomes sought from the investment they receive but they seek streamlined reporting requirements for those outcomes.

Differentiated government investment

- 3.9 As well as a streamlined investment system, the universities are seeking a system which differentiates universities from other tertiary education institutions and recognises and supports their distinctive contributions. The introduction of the Performance Based Research Funding system has been a small step in the right direction but it is not enough in itself. Universities also need an investment system which recognises the distinctive investment level required to sustain their research-led teaching. The universities support the tertiary reform objective of emphasising the distinctive contributions of the different types of tertiary institution, but consider that it is time to adopt a simpler way of achieving this objective.

Research funding

- 3.10 The universities seek changes in research funding allocation policies which will restore their access to contestable research funding. The current “stable funding” policy, under which up to 40% of funding is removed from the contestable pool and dedicated to long-term negotiated funding has favoured the Crown Research Institutes at the expense of the universities. Despite the universities being the country’s single most important research organisations and having over half of its research staff, only one university was deemed to be eligible for support under the first round of negotiated funding. Increased access to research funding enables the universities to support the increased numbers of research students, particularly doctoral students, needed by New Zealand.
- 3.11 Universities therefore seek a commitment to increases in the contestable funds managed by the Foundation for Research, Science and Technology and Health Research Council. In particular, because universities are the principal providers of fundamental research, the NZVCC seeks a commitment to doubling the allocation to the Marsden Fund over the three year term of the incoming government. While the development of new products and processes can sometimes occur through chance, equally an important part of the innovation process is getting the basic research “right”, and as the main providers of basic research in New Zealand, the universities are in a pivotal position to assist in the innovation process. Already the market capitalisation of the spin-out companies created from the commercialisation of the basic research conducted in the eight universities is now worth over \$1 billion.

Universities’ relationship with other research bodies

- 3.12 The universities support closer relationships between universities and other research organisations and welcome changes to the policy settings for research funding and the governance of research institutions to facilitate this, provided that this is on terms which do not (further) disadvantage the universities. The roles and contributions of universities and

CRI could be more complementary and there are opportunities for increased collaboration through more joint appointments of staff, more CRI staff involvement in the supervision of post-graduate students, and increased collaboration in the Centres of Research Excellence and contestably funded research programmes.

A step change for Māori and Pasifika

- 3.13 All universities have put strategies in place to strengthen the engagement of Māori and Pasifika communities with the university and encourage increased student participation from these communities. These strategies include formal memoranda of agreement with iwi, the establishment of Pro Vice-Chancellor (Māori) positions to provide leadership and Pasifika Advisory Groups to Councils and senior management. At the student level, strategies include bridging programmes for secondary school students and mentoring and other student support following enrolment. All of the universities offer Māori Studies programmes and most offer Pacific languages and other Pasifika programmes.
- 3.14 The established link between achievement at secondary school and progression to university for Māori students was discussed earlier in this briefing. Māori and Pasifika students' access to university and achievement at university will be significantly enhanced by strengthening their achievement at secondary school and the secondary – tertiary interface. Particularly important is universities' engagement with lower decile schools, promoting interventions which encourage students to achieve at secondary school.⁶

Support for the universities to continue to be universities

- 3.15 Underpinning this nine point programme is the overt support and commitment that is sought from government for the universities' distinctive contribution to New Zealand through their research and research-led teaching. It is a particular strength of the New Zealand university system that eight universities who are diverse in size, academic strengths, student profile and funding sources, nevertheless have unified and consistent quality assurance for their teaching and research activities. The universities also seek government's acceptance of its obligation to safeguard university autonomy and academic freedom and recognition of the universities' unique ownership position.

⁶ See, for example, information on the University of Auckland's Starpath Project available at: <http://www.starpath.auckland.ac.nz>

4. An agenda for university – government engagement

4.1 This final part of the briefing sets out the key policy choices facing the universities and the incoming government. It suggests an agenda for both parties to work together to address the issues identified in the previous part of this briefing.

Public institutions – private investment

4.2 Sustaining the necessary level of investment in higher education is a conundrum for governments and universities internationally. The OECD recently noted that in the decade to 2005 the public share of investment in higher education fell in 22 out of 28 OECD countries and it noted that New Zealand was one of the Commonwealth countries with relatively low public investment.⁷ As in many other countries New Zealand has expanded participation by transferring investment responsibility to private sources. Investment from non-government sources now represents between 30% and 40% of the income of New Zealand's universities.

4.3 The NZVCC poses these questions for discussion with the incoming government:

- how can New Zealand ensure that its universities remain public institutions
- what is the appropriate balance between public and private investment in our universities
- how much diversity should there be amongst the universities in the extent of public and private investment
- what are the implications of the balance of public and private investment for government policy on investment in the universities and policy on tertiary tuition fees?

International comparability

4.4 By comparison with many other countries New Zealand has a unified university system with a common entrance standard and pan-university programme accreditation and monitoring. The New Zealand universities are working very hard to maintain the international comparability of their research and teaching in the face of declining per student funding.

4.5 The NZVCC poses these questions for discussion with the incoming government:

- how can New Zealand maintain the international comparability of all of its universities
- how can New Zealand avoid developing a two-tier university system where only some universities are research-intensive
- what are the implications of maintaining international comparability of our universities for policy on access to research funding by universities and other research institutions?

Accessibility

4.6 A hallmark of the New Zealand university system is the opportunity afforded to everyone who can benefit from university study. The significant expansion of access to university

⁷ OECD, *Education at a Glance 2008*.



education has been achieved at the cost of declining per student funding, compromising the quality of our universities. Moreover, key groups within the population, particularly Māori and Pasifika, are still not fully represented in the student population.

4.7 The NZVCC poses these questions for the incoming government:

- how can New Zealand avoid restricting entry to university in response to constrained investment and limits on funded student places
- how can New Zealand maintain the same entry standard for all universities
- how can New Zealand further promote Māori and Pasifika participation in university education
- how can access to university be promoted through articulation and pathways between universities and other tertiary institutions?