

## UNZ BRIEFING TO THE INCOMING MINISTER

Universities New Zealand is pleased to welcome you as our Minister of Education.

This briefing paper provides an overview of the key contributions, challenges, and opportunities facing the university sector.

The Vice-Chancellors have typically met with your predecessors several times each year. This has enabled us to better understand and work through mutual goals and challenges. We hope such meetings can continue with you and that we can find a time to meet with you in the near future as you work up your priorities for the upcoming general election.

As you may know, the Vice-Chancellors take it in turns to chair Universities New Zealand. Professor Cheryl de la Rey of the University of Canterbury is chair in 2023 until the end of 2024.

If you would like more information on any matter in this briefing paper, please contact Chris Whelan, Chief Executive of Universities New Zealand – [chris.whelan@universitiesnz.ac.nz](mailto:chris.whelan@universitiesnz.ac.nz).

### Overview of the university sector

New Zealand has eight universities – Waipapa Taumata Rau the University of Auckland, Auckland University of Technology, the University of Waikato, Massey University, Te Herenga Waka Victoria University of Wellington, the University of Canterbury, Lincoln University, and the University of Otago.

New Zealand has a relatively strong and effective university system that, by any measure, performs well in international terms. A range of key statistics is attached.

Before the 1960s, New Zealand universities were small, socially and culturally isolated finishing schools for an upper middle-class elite.

Post-World War 2 reforms began the process of opening up universities and increasing their relevance and contribution. This was accelerated under the Fourth Labour Government of the 1980s.

In 1900, 0.1% of the population was enrolled at university. In 1950, this had risen to 0.6%. As of 2020, it was 3.4%. In 1991, 8.3% of the working age population had a degree. By 2018 this was 26% and around 32% of young people are now starting university within a few years of leaving school.

In 2023, universities are large, complex organisations –closely connected to, underpinning and enhancing most aspects of culture, society and the economy. They continue to evolve in line with the developing needs and expectations of New Zealand and its peoples across a range of overlapping and complementary areas.

Universities:

- are a key source of the **human capital that will drive New Zealand socially, culturally and economically in future**. In Census 1996, 33% of jobs had titles that, if advertised today, would

probably require applicants to have a degree to get a serious look-in. By Census 2018, that had risen to 67% – reflecting New Zealand’s continuing evolution as a knowledge economy. In a nation of mainly small to medium-sized enterprises based on services and knowledge, universities produce the ideas and people that will drive innovation, productivity, wellbeing and prosperity. In 2017, Deloitte Access Economics estimated New Zealand workforce productivity was 3–6% higher due to university graduates across the economy. Universities contribute far more than teaching and research – they actively contribute to entire professions and communities, driving outcomes in areas such as health, wellbeing and culture.

- are directly responsible for **25% of all research** carried out in New Zealand<sup>1</sup>. Of that 25%, more than half (56%) is the basic research that ultimately underpins and informs more applied research. University research returns around \$5.10 for every dollar invested. The stock of knowledge generated by universities and adopted over time accounts for around 8.2–9.7% of GDP – or \$25.9 billion in 2017. Research investment by New Zealand universities between 1984 and 2015 was estimated to have increased real GDP by \$129 billion by 2017.
- contribute to a more **equitable and prosperous society**. People who are university-educated are substantially more likely to volunteer, participate in community organisations, donate, be more interested and engaged in democratic processes, trust others, be more open-minded and tolerant. They are also more likely to promote these values to others and to imbue them in their own children. Their children are far more likely to end up well educated and employed. Notably, Māori and Pacific students who graduate from university enjoy the same employment and earnings benefits as non-Māori and non-Pacific graduates.
- **drive economic activity** that creates jobs and enriches the communities in which they are located. The university sector accounts for around 26,310 jobs in the wider economy (around 1.0% of New Zealand’s total labour force). Pre-Covid, international students at New Zealand universities accounted for around \$1.25 billion of economic activity. University direct and indirect expenditure is an average of 2.33% of the GDP of the regions that house them. Staff and students contribute extensively to local economies as purchasers of accommodation, food, entertainment and other services. Universities themselves spent \$4.2 billion in 2021– the majority of which went into local economies in the form of salaries and locally procured goods and services.
- **are integrators**, bringing people and ideas together across communities, industries and sectors. Universities and their academic staff do research with and for a range of end users. All the professional disciplines work closely with professional bodies to inform practice and help maintain and grow the skills of practitioners in their fields.
- **contribute to understanding**. Academics play an active role in public discourse and understanding through their ‘critic and conscience’ function. Where an academic has expertise, they are expected to contribute to evidence-based debate and understanding where there is public interest. Universities are also repositories of knowledge, expertise and capability. In the Covid-19 period, the sector provided extensive support to government in designing and implementing the public health strategies that underpinned this country’s successful response. The sector was a source of testing and personal protection equipment. It also provided extensive public commentary to help New Zealanders understand public health options.

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<sup>1</sup> Of the remainder, 55% is done by business and 20% by government, including local government and the Crown Research Institute sector.

- **foster global connections.** As a small, geographically isolated nation, New Zealand needs a multi-cultural workforce that knows how to collaborate and trade globally. Our research and innovation system depends on our ability to connect and collaborate across borders. We have just 0.06% of the world’s researchers but we produce 1.4% of the world’s most highly cited research. Our cross-border collaborations have a 15-year NPV of \$2.46 for every dollar invested. University earnings from international students represent 1.68% of all of New Zealand’s exports. Each international student represents an average of \$243,000 of economic activity. International students who graduate continue to maintain a range of connections with this country – researching and trading with us in many cases or promoting us to others as a destination for education and tourism.

There is a lot more universities can do as our society and economy deals with the headwinds of the post-Covid recovery period. We can be a key part of work to restart the economy – as a source of skills, knowledge and insights for government, industry and communities.

## New Zealand university operating context

Universities are mainly differentiated from other tertiary education subsectors by their focus on research and research-led teaching.

In addition to university researchers doing 25% of this country’s research, nearly all of the remaining 75% is done by people who gained their research skills at a university.

Other tertiary education subsectors are mainly focused on research-informed teaching – teaching that references current research and knowledge. The university sector is focused on research-led teaching – teaching that involves students in developing knowledge and growing the skills that make them innovative, problem-solving, productive contributors socially, culturally and economically.

The sector materially advances knowledge – particularly the fundamental knowledge other industries then take and develop through more applied research. A significant proportion of university infrastructure is dedicated to research – laboratories and specialist research facilities. The vast majority of the university academic workforce is PhD qualified where, by comparison, only a small proportion have similar qualifications in other subsectors.

New Zealand universities must balance a number of competing expectations around their role and mandate. These include:

- **Teaching** – providing a good learning experience for diverse student groups, which produces graduates ready for a wide range of careers and lives.
- **Qualifications** – producing graduates with skills and knowledge required by employers and with qualifications that employers understand and value.
- **Research** – producing high-quality research that has value economically, socially and/or culturally.
- **Service** – transferring knowledge and ideas to inform understanding, policy and practice across communities, government and business.
- **Equity** – overcoming barriers that prevent some learners from being able to pursue or succeed at university study.

- **Flow-through benefits** – supporting the economic, social, cultural and soft-power returns from international education.

And, to deliver on these, universities must also successfully foster the following:

- **Academic capability** – recruiting and retaining top teachers and researchers, many of whom can work anywhere in the world and who will work only for institutions that do both research and teaching and that conform to broad international norms for what is and isn't a university.
- **International reputation** – maintaining rankings and other indicators that both staff and students rely on to inform where they choose to work and/or study.
- **Study/work experience** – ensuring that both students and staff enjoy positive, satisfying, supportive and safe study/work experiences.
- **Governance** – ensuring universities remain viable in the long term and are able to retain the staff and infrastructure that underpin all other goals and objectives.

All these requirements are interdependent and universities must balance them with finite resources.

Universities cannot fail in even one of these areas and must therefore operate in ways that deliver the greatest value possible to as many competing stakeholders needs as possible without compromising long-term viability.

The sector normally budgets to generate a 2–3% annual surplus. This amount is seen as the prudent minimum necessary to cover typical cost increases in the next year. Over the past 15 years, university operating costs have risen around 68% during a time when CPI rose just 36%. Salaries are the largest cost for the sector at 57% of total operating costs. Salary increases over the past 15 years have been exactly in line with salary increases across New Zealand – averaging a little under 2% on average per annum.

## Priorities for the university sector

Universities New Zealand understands government objectives for the sector. This briefing is focused on how to achieve these objectives in ways that ensure the country's university system remains viable and effective in the long term.

For our sector, we see a number of opportunities and challenges that can only be fully addressed with your support.

### 1. **Challenge - Financial headwinds**

77% of all university income is controlled by government. This is both funding provided by government through tuition subsidies and research funds and limits on tuition fee increases.

Over the past decade., funding per domestic student has declined in real terms by around 16%. For 2023, government limited fee and tuition subsidy increases to 2.75% – less than half the current rate of inflation.

During the Covid period, universities saw international student revenue decline to about a third of what it had been pre-Covid. The sector did not receive support funding of the type received by the private sector but incurred significant additional costs in areas such as moving to online teaching and assessment, providing computers and internet connections to students without

them, additional funding for students in financial distress, additional counselling and health services, etc.

Recovery from this period will take some time. Application numbers for new first-year international students for 2023 appear in line with pre-Covid numbers, but the sector is still missing the students that didn't arrive in 2020, 2021 and 2022. It will take at least four years for international student numbers to return to pre-Covid levels.

57% of university expenditure is associated with personnel – salaries, ACC levies, superannuation contributions, etc. Pay expectations for staff are more closely aligned to the current rate of inflation than the 2.75% funding increase allowed for by government.

Salary negotiations have been under way between the unions and universities since September 2022, with four universities having settled collective agreements to date. Negotiations for the other four universities are at different stages – but all are dealing with very real gaps between what can be reasonably afforded and what is needed to recruit and retain good staff in a very competitive international marketplace for academic talent.

We are not seeking government involvement in salary negotiations, but we do need financial support in Budget 2023 to ensure our universities can continue to retain the people that underpin our ability to deliver world-class teaching and research.

## **2. *Opportunity* - Unlocking value in the context of financial headwinds**

Over the past five years, your government has introduced many worthy and desirable policies and goals for universities and the higher education sector. These include:

- Advancing Te Tiriti and working with Māori in good faith to achieve better outcomes for Māori.
- The 2019 legislative requirements around student safety and wellbeing (pastoral care) and the Education (Pastoral Care of Tertiary and International Learners) Code of Practice.
- Student success requirements for all providers to do more to improve student retention and completion rates.
- Disability action plans to improve support provided to students with disabilities and to improve their retention and completion rates.
- Growing numbers of Māori and Pacific students getting to university and succeeding at university.

We fully support these objectives. However, all have been introduced without any additional funding at a time when funding per student has declined in real terms.

Factors such as high inflation, low unemployment and high salary expectations are focusing universities on directing available funds to payroll and keeping the lights on. The sector is ambitious to do more for this country and its communities but is increasingly limited by what is possible within current resourcing.

The sector needs real and substantial investment if real and substantial additional value is to be delivered. It is hugely challenging maintaining a university system of international standing when real funding levels have been reduced so much.

Universities should be seen as critical infrastructure – key to unlocking value to New Zealand. In addition to maintaining capability, government could (and should) look at supporting universities in the areas where they can and want to do more.

### **3. Challenge - Student wellbeing and pastoral care**

New Zealand universities share your goals of maintaining the wellbeing of students and ensuring, so far as possible, students have a positive experience that supports their education achievement.

Universities are all committed to being:

- safe, tolerant, inclusive learning environments for all students
- producing resilient, capable graduates.
- reducing incidence of harm (mental, sexual, physical, etc) and mitigating the effects where complete prevention is impractical.

The New Zealand Qualifications Authority (NZQA) is the Code Administrator for the Code of Practice for the care of domestic and international students. The New Zealand Vice-Chancellors' Committee (NZVCC), as Universities New Zealand, oversees some Code administration functions under a sub-delegation approved by you as Minister.

Since the Code was introduced, Universities New Zealand has established a Committee on University Student Pastoral Care (CUSPaC). CUSPaC has an independent chair and its members include the directors of student services from each of the eight universities, along with student representatives appointed by the New Zealand Union of Students' Associations (NZUSA), Te Mana Ākonga, the New Zealand International Students' Association, Tauria Pasifika and the New Zealand Disabled Students' Association. There are also representatives appointed by Universities New Zealand's Te Kāhui Amokura (Deputy Vice-Chancellors' Māori committee) and Komiti Pasifika (Deputy/Assistant Vice-Chancellors' Pasifika committee).

CUSPaC is developing a comprehensive work programme for monitoring and enhancing university sector performance under the Code.

All of this is being done with NZQA, which also attends all meetings of CUSPaC.

Key challenges in this area include:

- The Code has an extensive set of requirements, but few actual tests or clear standards for determining when requirements are actually being met. There is a continuing tension between education providers and government agencies as to what is reasonable given universities are primarily institutions of teaching and research with finite resources and authority for matters that more appropriately belong with other agencies and sectors.
- The sector is receiving advice and guidance from government agencies about doing more for student health and wellbeing. This is well meant, but is typically being done without additional resourcing or recognition that universities are already doing well in this area – albeit with approaches and priorities that differ from those preferred by officials. In the university sector, rates of student harm and wellbeing are significantly better than for other education subsectors and the wider population.
- The delegation from NZQA to NZVCC has not yet been updated since the new Code was released in 2021.

#### **4. Challenge and opportunity – A higher education funding system that delivers better and more equitable outcomes for everyone**

The current Student Achievement Component (SAC) funding system was introduced in 1991. Despite many adjustments in the ensuing 30 years, the basic model remains unchanged. In short, providers get the same funding per student per course regardless of quality, value added, student background and needs, the location where teaching is delivered and/or the mode of delivery (online, workplace-based, on campus).

The model has the benefit of being simple and predictable, but it means, for example, providers can't mainstream models of delivery that might add significantly more value to students and employers but at a higher cost than current SAC funding rates allow for.

This makes it impractical to mainstream work-integrated learning options for students in disciplines such as the sciences, commerce, law and the arts.

The funding system places particular challenges around providing Māori and Pacific students with the level of support required to bring their academic achievement rates in line with European New Zealander/Pākehā students. Equity funding is provided for each equivalent full-time student who is Māori or Pacific. This is currently \$338.00 a year. This is not enough to provide the targeted support necessary to bring larger numbers of Māori and Pacific students into university and to support them adequately through their studies.

We recommend keeping SAC funding in line with CPI and significantly increasing equity funding.

#### **5. Opportunity – Harnessing education to foster a fair, equitable and cohesive society**

Enduring systemic inequality in New Zealand has been further amplified by the pandemic. Education can play a vital role in creating an equitable, cohesive society, but access to higher education itself is inequitable and hampered by deprivation.

The inclusive benefits of education across a lifetime for graduates are manifest in earnings, quality of life, longevity and societal contribution. But the opportunity cost of higher education and the long-term benefits it brings are too high for those confronting immediate poverty. This correlates unacceptably with ethnicity, as 57% of European New Zealander/Pākehā secondary school students get University Entrance (UE) and can go on to higher education, compared with 31% of Māori students and 34% of Pacific students.

Significant focus and investment are required to address this.

All universities are currently running learner success programmes. These are aimed at systematically improving opportunities for a wider range of students to get to university and to succeed there. This work is being done with significant input and ownership by our sector's Māori and Pacific leaders.

There are several practical steps you could take if you would like to support significant performance in this area. These include:

- Funding to put more cultural and personal support around students who are more likely to struggle at university. Universities could accept either a lower UE standard or an increased number of Discretionary Entrance students (without UE) with extra funding to put academic and culturally appropriate support around them. Typically, this requires an average of 70–80 hours of mentoring and additional tutoring.

- Dedicated networks of student achievement advisers – people based in regions either geographically far from a university or where university participation is well below national averages. These networks would work with families, schools and other influential community organisations (including marae and churches) to help make degree-level education an aspiration and reality for high-potential young people who would otherwise miss out.
- Scale up initiatives to support specialist curriculum delivery at schools. At present, many capable bright students attend schools that lack the student numbers, specialist teaching spaces and/or trained teachers to deliver science, mathematics and technology curricula all the way through to Year 13. This means these capable students end up unable to get access to fields such as medicine, engineering and the sciences. There are a number of initiatives that have been successfully developed in this area, but they need the support and investment to be rolled out nationally.

## **6. *Opportunity* – Addressing health workforce needs**

The pandemic has exacerbated pressure across the health workforce with staff and skill shortages, including specialist doctors, GPs, nurses and other clinical practitioners. Global competition for skilled health professionals has never been higher. New Zealand needs a holistic health workforce plan developed with the tertiary education sector to ensure it tackles the right things in the right way. By working genuinely and openly, acknowledging the constraints and realities, and thinking laterally, this partnership could address the shortcomings.

## **7. *Opportunity* – Supporting an innovative economy**

Research-savvy and highly skilled employees and a strong and resilient research ecosystem are critical components of a resilient and successful society and economy. New Zealand lags behind its OECD peers on most of these metrics, including the number of postgraduate students its universities graduate. More postgraduate students working across New Zealand and conducting research within industries will be critical in lifting our productivity and economy. Incentivising and increasing the number of postgraduate students is an investment in New Zealand's future.

We recommend:

- Reinstating and strengthening student support for postgraduate study.
- Formal secondment and internship programmes with industry and the public sector.
- Industry PhDs/Pracademics. A four-year funded PhD with an embedded requirement, allowing universities to expand and strengthen engagement with industry, government and community partners.
- A national fellowship scheme, along with funds, for research institutions to support new early career positions each year, to ensure New Zealand attracts, nurtures and retains the future leaders of our research workforce.



## Attachment - The New Zealand university sector at a glance

Introduction	<ul style="list-style-type: none"> <li>• New Zealand has eight universities – seven are ‘comprehensive universities’, meaning they provide a wide range of courses and subjects for students.</li> <li>• The number of universities in New Zealand is on a par with Australia, the UK and Canada – one university per 640,000 people.</li> <li>• Combined, the universities had 142,720 equivalent full-time (<b>both domestic and international</b>) students (EFTS) enrolled in 2021. These EFTS were made up of 184,455 actual students<sup>2</sup>.</li> <li>• Combined, the universities had 122,815 <b>domestic</b> EFTS enrolled in 2021. These EFTS were made up of 158,295 actual students<sup>3</sup>.</li> <li>• Combined, the universities had 19,915 <b>international</b> EFTS enrolled in 2021. These EFTS were made up of 26,160 actual international students<sup>4</sup>.</li> <li>• All New Zealand universities were placed in the 2022 QS World Top 600 University Rankings. Three were in the Times Higher Education rankings top 350 (all eight are in the top 600)<sup>5</sup>.</li> <li>• Individual New Zealand universities appear in the Top 50 university rankings for courses in Archaeology, English Language &amp; Literature, Linguistics, Accounting and Finance, Anthropology, Development Studies, Education, Library &amp; Information Management, Sports related subjects, Civil &amp; Structural Engineering, Anatomy &amp; Physiology, Dentistry, Nursing, Pharmacy &amp; Pharmacology, Psychology, Veterinary Science, Geography subject areas.</li> <li>• There is at least one (and typically more) university ranked in the top 100 for all but five of the subjects ranked by QS. All subjects have at least one university in the top 150<sup>6</sup>.</li> </ul>
Economic impact	<ul style="list-style-type: none"> <li>• Universities employed around 21,500 FTE staff in 2020, or 29,195 people, which is about 1.0% of New Zealand’s total labour force. The flow-on effect of university employment accounts for another 2,200 to 4,300 jobs in the wider economy<sup>7</sup>.</li> <li>• The university sector spent \$4.2 billion in 2021 on staff, capital and the purchase of goods and services<sup>8</sup>. This is equivalent to about 1.5% of GDP and 46% of expenditure on education and training in 2021<sup>9</sup>.</li> <li>• Universities make a significant contribution to the regions that house them, their contribution representing up to 6.3% of regional GDP counting university and student spending that contributes directly to regional GDP<sup>10</sup>.</li> </ul>

<sup>2</sup> Ministry of Education, Education Counts Statistics, Provider based enrolments and provider based equivalent full time enrolments (Custom table supplied to Universities New Zealand ). Updated April 2022.

<sup>3</sup> Ministry of Education, Education Counts Statistics, Provider based enrolments and provider based equivalent full time enrolments (EFT.9 and ENR.31 tables). Updated April 2021.

<sup>4</sup> Ministry of Education, Education Counts Statistics, Provider based enrolments and provider based equivalent full time enrolments (EFT.9 and ENR.31 tables). Updated April 2021.

<sup>5</sup> From the Master Longitudinal QS & THE World Rankings spreadsheet.

<sup>6</sup> From the Master Longitudinal QS & THE World Rankings spreadsheet –2022 results.

<sup>7</sup> NZIER, Economic Impact of NZ’s Universities, 2020.

<sup>8</sup> Master University Finances spreadsheet, Annual accounts of Universities 2020.

<sup>9</sup> Statistics New Zealand, GDP December 2021, series SG00RAC00B15D, GDP 273,333 million, expenditure on education and training ; series SG01RAC02B01C09D – 9,048 million.

<sup>10</sup> NZIER, Regional activity of universities, June 2020.

	<p>For example, Waipapa Taumata Rau, University of Auckland and its student spending contributes to 2.4% of Auckland’s regional GDP. This is 6.3% for the University of Otago and its students.<sup>11</sup></p> <ul style="list-style-type: none"> <li>• International education generates at least \$1,025 million a year for New Zealand and New Zealand universities’ earnings from export education represent 1.2% of all New Zealand’s exports of goods and services<sup>12</sup>.</li> <li>• There were 25,870 international EFTS at New Zealand universities in 2019<sup>13</sup> with New Zealand having one of the highest proportion of international students in the world (30% of all students at bachelor’s level, 24% at short - cycle tertiary programmes)<sup>14</sup>.</li> </ul> <p><u>Research and the transfer of knowledge</u></p> <ul style="list-style-type: none"> <li>• The stock of all knowledge generated by universities and adopted over time across the wider economy accounts for around 8.2% to 9.7% of GDP.<sup>15</sup></li> <li>• A 10% increase in higher education research spending will eventually increase GDP by 1.75% to 1.84%.<sup>16</sup></li> <li>• Universities generate around a quarter (24%) of all research in New Zealand<sup>17</sup>.</li> <li>• In 2021, universities spent about \$1.19 billion on research<sup>18</sup>.</li> <li>• According to the most recent Performance-Based Research Fund (PBRF) results (2018), 35% of the university sector’s active researchers are in STEM subjects<sup>19</sup>.</li> </ul>
Societal Impact	<p><u>Graduates and human capital<sup>20</sup></u></p> <ul style="list-style-type: none"> <li>• Graduates with bachelor’s-level qualification earn about 52% more than people with just a secondary school education. This rises to 87% for an honours-level qualification, 86% for master’s and 129% for doctorates.</li> <li>• New Zealand’s GDP is 3% to 6% higher because of the impact a university education has had on the productivity of the workforce with a university qualification (28% of the workforce in 2014).</li> <li>• In addition to being more productive themselves, graduates lift the productivity of other employees in their workplaces. This accounts for around 0.8% of GDP<sup>21</sup>.</li> </ul>

<sup>11</sup> NZIER, Regional activity of universities, June 2020.

<sup>12</sup> NZIER, Economic Impact of NZ’s Universities, 2020.

<sup>13</sup> Calculated by adding international student numbers reported in each of the eight universities’ audited annual reports. From the Master University Finances Spreadsheet.

<sup>14</sup> Education at a Glance 2018: OECD Indicators Table B4.1. EAG 2017 is based on 2017 first-time entrants numbers.

<sup>15</sup> NZIER, Economic Impact of NZ’s Universities, 2020.

<sup>16</sup> NZIER, Economic Impact of NZ’s Universities, 2020.

<sup>17</sup> Stats NZ “Research and Development Survey: 2020”.

<sup>18</sup> From the Master University Finances Spreadsheet – row 67.

<sup>19</sup> Used TEC definition of STEM subjects from 2018 Evaluation report. STEM subjects were defined as Architecture, Design, Planning, Surveying; Agriculture and Other Applied Biological Sciences; Chemistry; Computer Science, Information Technology, Information Sciences; Earth Sciences; Ecology, Evolution and Behaviour; Engineering and Technology; Molecular, Cellular and Whole Organism Biology; Physics; Pure and Applied Mathematics; and Statistics.

<sup>20</sup> All figures under this subheading come from NZIER, Economic Impact of NZ’s Universities, 2016, unless otherwise stated.

<sup>21</sup> NZIER, Economic Impact of NZ’s Universities, 2020.

	<ul style="list-style-type: none"> <li>• Workers without a degree earn 1.6% to 1.9% more as a consequence of working with graduates<sup>22</sup>.</li> <li>• There are a range of other health, standard of living, wellbeing and intergenerational benefits that appear to accrue to graduates. International research suggests the benefits are typically worth about double the graduate's actual annual earnings<sup>23</sup>.</li> <li>• The number of adults (aged 25–64) with a bachelor's degree or higher rose from 8.3% in 1991 to 26% in 2018<sup>24</sup>. 60% of domestic school leavers enrol at tertiary providers in their first year after leaving, one third (32%) into bachelor's degree or above qualifications<sup>25</sup>.</li> <li>• 89.7% of all people who started a degree (Level 7+) during any of the years 2009–2013 did so at a university<sup>26</sup>.</li> <li>• Bachelor's degree graduates' median weekly income is around 1.48 times greater than someone without a tertiary qualification by age 25–34 and this rises to 2.3 times greater by age 55–64<sup>27</sup>.</li> <li>• On average, less than 1% of degree-qualified graduates are on a benefit at any time during the 10 years after graduation. This compares with an average of 6% for those with a Level 4 certificate-level tertiary qualification and 4% for those with a level 5–7 certificate- or diploma-level qualification<sup>28</sup>.</li> <li>• For graduates aged 30–39 at the time of Census 2013, 73% were in jobs that either needed a specific degree (doctor, teacher, etc) or for which a degree was highly useful (general manager, consultant, policy advisor, etc)<sup>29</sup>.</li> <li>• According to Census 2018, PhDs earn an average yearly income of 29% more than master's graduates, who earn 3% more than honours graduates, who earn 16% more than bachelor's graduates, who earn 17% more than diploma graduates, who in turn earn 14% more than certificate graduates and school leavers<sup>30</sup>. These averages vary significantly from individual to individual and between subjects.</li> <li>• In general, degree holders (Level 7 and above) can expect to earn another \$1.37 million over their working lives compared with people with only a secondary school qualification<sup>31</sup>.</li> <li>• New Zealand has some of the best qualification completion rates in the world. Only 17% of full-time students who start a bachelor's level qualification at a university in New Zealand do not have a qualification within</li> </ul>
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<sup>22</sup> NZIER, Economic Impact of NZ's Universities, 2016.

<sup>23</sup> For example, McMahon (2009) assesses benefits such as being able to live in nicer neighbourhoods, making better purchasing decisions, having better health, having healthier, more successful children, etc, as increasing annual income by 122%. Other studies, such as Wolfe and Haveman (2007) estimate benefits as being around 100% of annual income.

<sup>24</sup> Census 2018, IDI extract by Universities New Zealand.

<sup>25</sup> Ministry of Education, Education Counts, School leaver destinations Data tables (based on 2019 school leavers).

<sup>26</sup> Bespoke report from the Ministry of Education Ralf Engler – run in 2017. See spreadsheet 'MASTER 2016 Five years after study destinations by ethnicity'.

<sup>27</sup> [http://www.educationcounts.govt.nz/statistics/tertiary\\_education/life\\_after\\_study](http://www.educationcounts.govt.nz/statistics/tertiary_education/life_after_study) – Income and Earnings PSI.1

<sup>28</sup> [http://www.educationcounts.govt.nz/statistics/tertiary-education/life\\_after\\_study](http://www.educationcounts.govt.nz/statistics/tertiary-education/life_after_study), Earnings & Destinations, averages of the ten year 'benefit' figures.

<sup>29</sup> Universities New Zealand, Graduate Return on Investment Study – August 2020.

<sup>30</sup> Universities New Zealand, Graduate Return on Investment Study – August 2020.

<sup>31</sup> Universities New Zealand, Graduate Return on Investment Study – August 2020.

	<p>eight years. By comparison, non-completion rates are 30% at polytechnics/institutes of technology, 52% for wānanga and 21% at PTEs<sup>32</sup>. International comparisons are problematic as different countries track completion rates over different time periods, but OECD reported graduation rates by first-time domestic bachelor's students (aged under 30) are 38% in the UK, 34% in Australia and 31% in New Zealand, with the OECD average around 31%<sup>33</sup>.</p>
Efficient Sector	<ul style="list-style-type: none"> <li>• The New Zealand university system is efficient by international standards. For 2015, using New Zealand dollars in 2015 exchange rates, New Zealand produced its outputs for 85% of what it cost in Australia. That is, Australian expenditure was \$31,068 per university EFTS compared with \$26,460 for New Zealand<sup>34</sup>.</li> <li>• New Zealand total expenditure on education institutions per EFTS is almost equal to the OECD average (5% greater than the OECD average)<sup>35</sup>. Despite this, all our universities are ranked in the top 3% of universities globally<sup>36</sup>.</li> </ul>

<sup>32</sup> Education Counts – [https://www.educationcounts.govt.nz/statistics/tertiary-education/retention\\_and\\_achievement](https://www.educationcounts.govt.nz/statistics/tertiary-education/retention_and_achievement) Workbook: 1-Direct\_progression\_Attrition\_Completion\_rates\_Broad\_levels, cells P140313,P145713,P151113.

<sup>33</sup> OECD, Education at a glance 2021, B5.3 Indicator( based on 2019 data).

<sup>34</sup> See row 22 on the worksheet 'Australian Uni Comparison' in the spreadsheet "MASTER University Finances" for references and calculations.

<sup>35</sup> Table C1.1 in the 2021 OECD Education Indicators at a Glance. (All Tertiary, based on 2018 data.)

<sup>36</sup> Denominator of 19,800 comes from the International Association of Universities' Worldwide Database of Higher Education Institutions, World Higher Education Database (WHED) – IAU (iau-aiu.net).

## Universities key statistics (from the eight universities' 2021 annual reports)

EFTS = Equivalent Full Time Students

Consolidated	Auckland	AUT	Waikato	Massey	VUW	Canterbury	Lincoln	Otago	TOTAL
Academic staff	2,402	1,189	622	1,399	1,139	826	195	1,744	9,516
Other staff	3,566	1,253	862	1,901	1,201	1,083	471	2,246	12,583
<b>Total staff</b>	<b>5,968</b>	<b>2,442</b>	<b>1,484</b>	<b>3,300</b>	<b>2,340</b>	<b>1,909</b>	<b>667</b>	<b>3,996</b>	<b>22,106</b>
<b>Total EFTS</b>	<b>34,521</b>	<b>20,531</b>	<b>10,603</b>	<b>18,835</b>	<b>17,861</b>	<b>14,891</b>	<b>2,633</b>	<b>18,915</b>	<b>138,790</b>
Total headcount	43,148	29,428	13,232	30,491	22,406	18,364	3,305	21,108	181,482
Domestic EFTS	28,779	16,528	8,264	15,287	15,814	13,022	1,475	17,163	116,332
International EFTS	5,742	4,003	2,339	3,306	2,047	1,869	1,158	1,752	22,216
Māori EFTS	2,381	1,768	1,931	1,931	1,813	1,219	145	2,128	11,385
Pacific EFTS	2,862	2,986	585	864	959	443	51	926	9,091
Postgrad EFTS (incl hons)	8,464	4,006	2,022	5,500	3,342	3,270	733	3,490	30,827
<b>Income \$m</b>	<b>Auckland</b>	<b>AUT</b>	<b>Waikato</b>	<b>Massey</b>	<b>VUW</b>	<b>Canterbury</b>	<b>Lincoln</b>	<b>Otago</b>	<b>TOTAL</b>
Domestic student fees	\$149.7	\$78.6	\$39.7	\$97.8	\$73.2	\$71.2	\$6.4	\$89.0	\$605.5
Domestic fee free	\$34.7	\$20.2	\$9.3	\$14.9	\$21.1	\$18.3	\$2.1	\$28.5	\$149.1
International full fee	\$167.1	\$95.2	\$47.6	\$84.0	\$45.6	\$48.1	\$22.2	\$52.5	\$562.3
Student fees	<b>\$351.50</b>	<b>\$193.9</b>	<b>\$96.6</b>	<b>\$196.7</b>	<b>\$139.9</b>	<b>\$137.6</b>	<b>\$30.6</b>	<b>\$170.0</b>	<b>\$1,316.9</b>
Govt SAC funding (excl FF)	\$337.4	\$158.6	\$75.5	\$158.9	\$149.0	\$130.6	\$22.4	\$246.1	\$1,278.6
Govt PBRF funding	\$93.3	\$19.9	\$15.4	\$39.0	\$35.5	\$28.4	\$10.2	\$62.2	\$303.9
Other govt funding	\$12.8	\$5.7	\$11.6	\$1.3	\$6.1	\$6.2	\$0.0	\$2.6	\$46.2
Research and contracts	\$269.2	\$17.1	\$34.3	\$83.4	\$64.5	\$40.1	\$31.8	\$137.9	\$678.4
Other income	\$166.8	\$35.6	\$46.2	\$72.1	\$111.7	\$60.5	\$31.7	\$160.2	\$684.7
<b>Total income</b>	<b>\$1,230.97</b>	<b>\$430.8</b>	<b>\$279.6</b>	<b>\$551.4</b>	<b>\$506.7</b>	<b>\$403.3</b>	<b>\$126.9</b>	<b>\$779.1</b>	<b>\$4,308.7</b>
<b>Expenses \$m</b>									
People costs	\$668.9	\$247.9	\$147.1	\$319.4	\$266.4	\$193.6	\$63.2	\$429.1	\$2,335.6
Operating costs	\$370.5	\$108.1	\$95.6	\$159.2	\$179.3	\$129.0	\$45.4	\$236.1	\$1,323.1
Deprn and amortisation	\$144.2	\$53.0	\$28.6	\$61.6	\$51.7	\$55.3	\$9.7	\$70.4	\$474.5
Other expenses	\$0.0	\$4.6	\$0.2	\$2.1	\$3.6	\$4.3	\$1.2	\$0.6	\$16.7
<b>Total expenditure</b>	<b>\$1,183.60</b>	<b>\$413.6</b>	<b>\$271.3</b>	<b>\$542.4</b>	<b>\$501.0</b>	<b>\$382.3</b>	<b>\$119.5</b>	<b>\$736.2</b>	<b>\$4,149.9</b>
Net surplus	\$47.37	\$17.2	\$8.2	\$9.0	\$5.6	\$21.0	\$7.4	\$42.9	\$158.7
	3.8%	4.0%	2.9%	1.6%	1.1%	5.2%	5.8%	5.5%	3.7%
Property, plant and equipment book value	\$3,645.5	\$975.9	\$618.2	\$1,191.6	\$974.8	\$1,426.5	\$196.2	\$2,016.3	\$11,044.9

## Relevant legislation with regard to New Zealand's university system

1. Education and Training Act 2020
  - a. Universities are subject to the provisions of the Education Act which guarantees their academic freedom and autonomy [s267], and which describes their characteristics s268(2)(d)
  - b. determines the constitution of their councils (sections 276, 278, 279)
  - c. defines their Crown reporting arrangements (through the Tertiary Education Commission)
  - d. allows them to establish and quality assure their own courses and programmes.
  - e. and specifies that their chief executives (vice-chancellors) will be appointed through the provisions of the State Sector Act.
2. Education and Training Act 2020 – New Zealand Vice-Chancellors' Committee (NZVCC operating as Universities New Zealand) Section 312:
  - a. NZVCC to oversee the setting up inter-university course approval and moderation processes. NZVCC exercising, in relation to universities, some of the powers of the New Zealand Qualifications Authority – namely approving the establishment and operation of university programmes subject to any conditions it wishes to impose and accrediting universities to provide approved programmes. NZVCC may issue compliance notices and withdraw accreditation if appropriate.
  - b. NZVCC responsible for listing university qualifications on the Qualifications Framework.
  - c. NZVCC to administer a range of scholarships.
3. Education (Pastoral Care of Tertiary and International Learners) Code of Practice which is embedded in the Education and Training Act 2020. This is to ensure tertiary students in New Zealand receive proper pastoral care.
  - a. New Zealand Qualifications Authority (NZQA) appointed as Code Administrator. NZQA has delegated to the New Zealand Vice-Chancellor's Committee (NZVCC) the role within section 238H(3)(b)(i) of the Education Act 1989 (as saved by clause 7(3) of Schedule 1 of the Education and Training Act 2020) of monitoring each university in relation to each university complying with the Education (Pastoral Care of Tertiary and International Learners) Code of Practice 2021 ("the Code") and the steps the university is taking to improve its giving effect to the code.
4. Official Information Act 1982
  - a. Universities are subject to the Act (see S2).
5. Crown Entities Act 2004 s7 (1)(e).
  - a. Tertiary institutions established under Part 14 of the Education Act including universities are defined as crown entities.
6. Own legislation
  - a. All universities in New Zealand have been established under their own legislation. Each is a *"body corporate with perpetual succession and a common seal, and may hold real and personal property, and sue and be sued, and do and suffer all that bodies corporate may do and suffer"*.