

# Higher education

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## Long-term opportunities and challenges for Aotearoa New Zealand

Briefing for the incoming Prime Minister and Government

October 2023



## Introduction

A healthy country needs a healthy university sector, which cannot thrive in a relative policy void. The higher education system responds to incentives, but Aotearoa New Zealand's incentives are increasingly inappropriate. A government ambitious for this country would recognise that its universities need policy attention.

## Key points

- Universities are central to New Zealand's future.
- Policy settings have been weak and unclear at signalling what New Zealand requires from its universities.
- Conflating vocational and tertiary training in one policy unit is confusing.
- The Ministry of Education and the Tertiary Education Commission have confused roles.
- International experience shows the value putting a single ministry in charge of higher education policy-development and oversight and research and innovation policy.
- Research and scholarship have suffered at the expense of vocational needs yet knowledge-development and transfer are central to a successful higher education system.
- Our highly competitive model has led to course duplication and lack of critical mass in some disciplines.
- Universities have been allowed to overinvest in physical infrastructure to the detriment of human-capital investment.
- Bad strategic decisions at several institutions suggest that governance may need review.
- Academic freedom is at risk of being compromised.
- Higher education's role as a tool of human-capital development, education and training, research and knowledge transfer has been diluted.
- There is growing tendency for higher education to be seen as an instrument for social engineering rather than an instrument of scholarship, knowledge development and transfer.
- Public policy has focused on student support rather than ensuring the quality and diversity of teaching and research.
- Short-term university employment contracts lead to unfair practices, demoralisation and waste of intellectual resources.
- Research and innovation policy-setting needs to extend to the tertiary sector.
- The boundaries between the tertiary sector, business and the policy community need to be more porous.
- The policy community is isolated from academia with little evidence of the cross-pollination of other OECD countries.
- New Zealand's comparatively numerous universities lack incentives for differentiation and rational allocation of resources, which other jurisdictions achieve without loss of autonomy.
- Not every New Zealand university can be "world-class" in every discipline and several universities should be encouraged to become more focused.
- New models are needed to encourage transdisciplinary and interdisciplinary training at graduate level.
- Whether too many young people are incentivised to go to university rather than technical education merits investigation.

- A decline in investment in social sciences, creative disciplines and the humanities is compromising the economy and society.
- The Performance-Based Research Fund is no longer fit for purpose and its continued focus on the individual academic is increasingly an outlier among OECD countries.
- Immigration policy limits the ability of the sector to attract world-class intellectual capacity in priority areas.

## Context

Universities create a paradox in public policy. Their autonomy is critical to their success as institutions of scholarship, research and the production of highly qualified graduates. Yet they are a core part of any strategy aimed at national development. This tension has led to poor policy development, if not benign neglect, of what should be a critical instrument for New Zealand's future. Recent policy appears to have been more driven by buying student votes than thinking about the sector as a whole.

New Zealand has eight universities, comparatively many for five million people, and the policy settings and incentives are such that differentiation is hard to achieve. The result has been a highly competitive sector where the one or two universities capable of being internationally ranked (making it into Australasia's top three<sup>1</sup>) are not able to really stand out. Yet New Zealand's credibility as an innovative country will in part depend on having at least one highly ranked university. Globally there is an increasing recognition that not every university should aspire to be first tier and that second-tier universities focusing on their community and narrow areas of specialisation are key to a healthy ecosystem. Yet we have no policy framings that would encourage that differentiation.

Several trends have become apparent: our universities have become dominated by managerialism in part because the financial model operates at the expense of intellectual health; many staff are compromised by being on short-term contracts; university balance sheets tilt towards overinvestment in infrastructure at the expense of human capital; there is insufficient evidence of strategic co-operation; and innovation is difficult to achieve. Many countries have a much more differentiated university sector.

Underlying all of this is a relative policy void. The Ministry of Education is responsible for policy yet there is no longer a minister of tertiary education and tertiary interests are lost in the acute and chronic issues of the compulsory-education sector. The Tertiary Education Commission (TEC) is dominated by the problems of the vocational sector and has no real policy tools or authority to address issues in the tertiary sector.

The focus of such recent policy has been on the student and in particular driving up student participation. The question of whether the university sector is already too large and that there is a relative void in advanced technical and vocational training appears not to have been asked. Yet there is growing evidence internationally that a shift in balance may be desirable. Germany, Switzerland and the Nordic countries, for example, show greater strategic consideration on this question.

If universities are to have the confidence of the policy sector and broader society while addressing their internal issues, then more attention needs to be given to their governance. Finding the appropriate balance between autonomy and a nationally integrated system would appear urgent.

The tertiary sector is largely separate from the research and innovation policy sector and yet, globally, policy settings in these two domains are heavily overlapping to the extent that in many comparable countries a single ministry manages policy for both (see [Research, science and innovation ecosystem](#)). This is overdue here. The Green and White papers describing research give little attention to the university sector and are largely focused on Crown research institutes (CRIs). Yet the need, as done in countries like Denmark, to better integrate these is obvious. Mission-led research needs such integration. Having the TEC's Centres of Research Excellence and CRIs' National Science Challenges (or what follows them) under different policy framings makes little sense.

1 The University of Auckland is just 150th in the Times Higher Education World University Rankings, with nine Australian universities ranked above it

The major quality tool being used is the somewhat misnamed Performance-Based Research Fund (PBRF), which is not a research fund but part of a dual funding system to the university as a whole (not to the researchers) albeit weighted by research outputs. It is an outdated system relying heavily on bibliometrics. The result, as seen elsewhere, is an increasingly toxic academic culture and globally major efforts are under way to reverse this effect. The PBRF was based on the UK system that has gradually been significantly revised to remove the focus on the individual academic to recognise other components of university strategy and to promote deep engagement of the university with society, business and policy<sup>2</sup>. The next PBRF round should be halted, and any incentive system revised to bring it closer to where international practice is going.

Given the need for our tertiary sector to be comprehensive overall, there would be value in encouraging course rationalisation between universities in some sectors. In the absence of such we see a lack of a critical mass in some domains, an undesirable shrinking of investment in humanities, social sciences and the creative sector, and universities less able to develop new and emerging disciplines. In the long term this is most unwise. The innovation sector will thrive at the interface between these disciplines and the data and natural sciences.

The culture within universities has changed in ways that arguably undermine their value and potential. Managerialism has come to dominate. There is increasing international evidence that this compromises academic entrepreneurship, the importance of high-quality academic leadership being essential. Globally, issues of academic freedom have arisen leading to tensions on campuses, a rise in mental health concerns in young people (see [Youth mental health and wellbeing](#)) has affected how universities operate and there is a danger that their role as safe places for intellectual enquiry will be overridden by other agendas.

A healthy country needs a healthy university sector. A government ambitious for New Zealand would recognise that this is a set of assets that need attention.

## Actions for consideration

- **Create a single ministry that integrates higher education, research and innovation.**
- **Halt the next PBRF round and look to develop a dual funding mechanism that puts the incentives in the right place – that is, where they will reduce managerialism and focus on intellectual quality and contributions to society, business and policy.**
- **Create a policy mechanism that encourages university differentiation and collaboration ensuring at least one university in New Zealand can be ranked in the top three in Australasia.**
- **Explore ways to enhance university governance without compromising autonomy but creating a mechanism to ensure overcapitalisation of infrastructure ceases.**
- **Explore whether New Zealand has the right balance in student pathways between different types of higher and vocational education.**

## References

Gluckman, P. et al. (2023). *Future Research Assessment Programme*. Report of the International Assessment Group to Research England. <https://informedfutures.org/iag-frap-report/>

## Key contact



Distinguished professor Sir Peter Gluckman is the director of Koi Tū: The Centre for Informed Futures and president of the International Science Council. He was chief science advisor to the prime ministers of New Zealand 2009–2018.

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<sup>2</sup> Sir Peter Gluckman chaired the International Advisory Committee to the recent review of the UK system.





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**This document was developed as part of a comprehensive briefing to the incoming prime minister and government. The full document is available [informedfutures.org/briefing-to-incoming-government-2023](https://informedfutures.org/briefing-to-incoming-government-2023)**

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