

## Event backgrounder: Meeting with the Tertiary Education Union (TEU), Thursday 18 March 2021, 3.30pm–4.15pm to discuss their Briefing to the Incoming Minister of Tertiary Education

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<b>To:</b>	Hon Chris Hipkins, Minister of Education
<b>From:</b>	s9(2)(a), Chief Advisor to the Deputy Chief Executive, Delivery Directorate
<b>Date:</b>	15 March 2021
<b>Reference:</b>	E-21-00075

### Purpose

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1. You are meeting with Tertiary Education Union (TEU) representatives Tina Smith (National President) and Dr Sandra Grey (National Secretary) on Thursday 18 March, from 3.30-4.15pm.
2. The following officials are also attending the meeting: Tim Fowler, Chief Executive, Tertiary Education Commission (TEC), and Andy Jackson, Deputy Secretary, Graduate Achievement, Vocations and Careers, Ministry of Education (MoE).
3. The TEU would like to discuss their *Briefing to the Incoming Minister of Tertiary Education (February 2021): Funding, freedom, and fairness*.
4. This backgrounder provides you with a brief summary of the topics raised by the TEU in their briefing, and relevant background information to support the discussion. The TEU's draft briefing is attached as additional information. Biographies of key attendees are attached as *Appendix A*.
5. We recommend that you proactively release this backgrounder after the 18 March 2021 meeting.

### Recent correspondence with the TEU

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6. The TEU wrote to you in December 2020 expressing concern about funding for the tertiary sector and the impact the loss of international student revenue is having on staffing, courses and wellbeing. The TEU argued there was a need for additional funding for universities, and proposed the establishment of a tri-partite forum to plan a way forward for tertiary education through 2021 and beyond.
7. The TEU were advised that these issues are part of the current education work programme and were comprehensively discussed at the 27 January 2021 meeting of the education agencies.

8. The response also noted that the TEC's executive leadership team regularly meet with Vice-Chancellors, with one of the key topics for these discussions being how the TEC can best support university leaders to better engage and collaborate with their peers.
9. Your response also emphasised your expectation that there will be a holistic and connected approach between university leaders in 2021 in order to address the challenges either caused, or exacerbated, by the impact of COVID-19. In addition, to support the intent of this approach, there may be opportunity for greater transparency through the introduction of additional reporting to the TEU regarding proposed university activities and their expected outcomes.

## University sector

10. The university sector reported full-fee paying international student revenue of \$522 million in 2020, which was \$81 million below budget. In total revenue was \$200 million below budget in 2020. However, the decline in revenue was less than had been forecast during 2020, and combined with lower than budgeted operating expenditure, the sector reported a draft surplus of \$53 million (1.3 percent of revenue).<sup>s9(2)(ba)(i)</sup>
11. The recent announcement to allow 1,000 international students into New Zealand is welcomed by the sector, but the actual 2021 result will depend on the range and extent of mitigations implemented, including: restructuring of staff; other operational savings; and the extent to which domestic student demand increases. Early indications suggest that domestic demand is very strong and well above expectations.
12. Universities are looking for opportunities to build greater flexibility and responsiveness into their operating models, in order to improve learning experiences and adapt their business models following COVID-19. TEC is supporting universities to start this conversation across the sector.

## Te Pūkenga

13. Te Pūkenga's subsidiaries reported a draft 2020 deficit of \$20 million (2 percent of revenue). However, this result includes the benefit gained through TEC not recovering under-delivery in 2020.<sup>s9(2)(ba)(i)</sup>
14. Early indications are that Te Pūkenga is experiencing a surge in demand in 2021 as a result of the Government's support for apprenticeships and vocational education. The TEC will be able to confirm actual levels of demand once the April 2021 Single Data Return is available. We have ring fenced \$33 million of additional funding for Te Pūkenga to enable it to respond promptly to any increase in demand. We continue to monitor the situation and work with Te Pūkenga as the situation evolves.

## Reform of Vocational Education (RoVE)

15. The RoVE programme meets regularly with representatives from the TEU to provide updates about the reforms. Meetings cover a range of topics and most recently have focussed on the:
  - timing of the RoVE changes;
  - potential for a representative from the RoVE programme to speak at the TEU annual conference in May 2021; and
  - the TEU providing support to the upcoming regional information sessions and hui.

## Summary of the key issues raised in the TEU briefing

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16. The briefing outlines the issues the TEU has identified as facing the tertiary education sector and notes a series of immediate and future actions they would like to see under each of the organising principles of *funding, freedom and fairness*.

### Funding of the tertiary education sector

17. The TEU argues that the tertiary sector has been persistently underfunded for more than two decades. They write that the funding system is oriented towards the commercialisation of education; does not account for the real cost of tertiary education; and fails to recognise the true value of international students and the internationalisation of education. They suggest the result has been cuts to staffing, courses, and programmes of study; micro-management and unwieldy auditing measures; and reductions to student support provisions.

18. The TEU argues that Government action is required in order to mitigate the effects of COVID-19; stabilise the tertiary education sector; and to ensure tertiary education organisations (TEOs) can maintain their capacity and staff expertise.

19. The TEU proposes the following immediate actions:

- Increase the student achievement component for the entire sector to ensure funding meets the actual cost of provision;
- Confirm that publicly funded TEOs are not required to meet the Tertiary Advisor Monitoring Unit (TAMU) guidelines on surpluses for 2021 and 2022;
- Review the Ministerially appointed membership of TEO boards/councils with a view to ensuring those appointed are committed to the aims of the new Tertiary Education Strategy (TES); and
- Expand the current review of SAC funding to include Levels 1-10 and the current review of the funding system for mātauranga Māori and te reo Māori in the wānanga and polytechnic sectors to include universities.

20. The TEU proposes the following future actions:

- *By July 2022* – Develop and implement a managed approach to international education which recognises the true value of international students and the internationalisation of education.
- *By July 2023* – Discontinue the Performance Based Research Fund (PBRF) and co-design a new system of allocating research funding;
- Develop and implement a new funding model based on collaboration between public providers which recognises the true costs of quality, accessible tertiary education provision.

### *Unified Funding System (UFS)*

21. The UFS is part of RoVE. The reforms aim to create a strong, unified, sustainable system for all vocational education that delivers the skills that learners, employers and communities need to thrive. The UFS offers an exciting opportunity to create a more flexible and effective investment lever, particularly focusing on vocational education. It will help to cultivate a vocational education system that supports all learners to succeed - no matter who they are or where they live - while delivering the skills and knowledge that communities and employers need to thrive.

22. The scope of the UFS project covers all Student Achievement Component and Industry Training funded learning at certificate and diploma levels 3-7 (excluding degree study)

regardless of the setting in which learning takes place. This includes learning delivered and arranged by Te Pūkenga, wānanga, private training establishments and universities.

23. The new system will need to be flexible and adaptable. We are developing something with fundamental differences to the current system (especially in relation to learner success and work-integrated learning), and we will need to be open to adjusting the UFS as we learn about the effects of the new system on achieving our outcomes.
24. In the TES, Government has committed to review the wider tertiary education investment system to ensure funding better recognises the additional costs of tailoring support and education delivery to different learners so providers can better address their needs and support equitable outcomes for underserved learners/ākonga.

#### *Performance Based Research Fund (PBRF) Review*

25. The TEC allocates \$315 million a year through the PBRF. The purpose of the PBRF is to ensure that excellent research in the tertiary education sector is encouraged and rewarded. The fund does not directly fund research.
26. The PBRF involves three components: external research income; research degree completions; and a periodic quality evaluation. Research performance in these three areas determines the funding allocations received by participating tertiary education organisations
27. MoE ran an independent review of the PBRF in 2019, with the intention of implementing changes for the next Quality Evaluation in 2025. The aim of the review was to examine the ways government can continue to support research excellence by improving the effectiveness and efficiency of the PBRF settings and to ensure the benefits of this research are shared across New Zealand. Recommendations for final decisions on changes to strengthen the PBRF are expected to go to Cabinet in mid-May, and will be publically announced shortly after.
28. The TEC is commencing work to establish a Sector Reference Group (SRG) process once Cabinet decisions have been made. The SRG will support the TEC by providing guidance on operationalising changes to the fund arising from Cabinet decisions and from operational lessons learned from the previous Quality Evaluation. We currently expect the SRG to convene from July 2021 and to conclude in early 2023.

#### *A range of actions have been taken to support tertiary education providers*

29. On 3 March 2020, TEC wrote to tertiary education institutes (TEIs) in relation to the Crown's expectation that TEIs achieve a 3 percent surplus. The TEC advised TEIs that this is an expectation only, and not a hard and fast requirement, and that there are no specific consequences from a TEC perspective from not achieving a 3 percent surplus. TEC noted that one of the drivers for this expectation is to ensure TEIs are well placed to manage adverse financial shocks – such as that presented by the COVID-19 pandemic.
30. On 31 March 2020, TEC advised TEOs that it would not be recovering funding, across a number of funds, from tertiary education providers who under-delivered in 2020 due to the effects of the COVID-19 pandemic.
31. The TEC has recently extended its position to treat existing offshore international PhD students as domestic students for SAC3+ funding until 31 December 2021, or when our borders are open for these students to return to New Zealand for further study (whichever is later).

#### **Improving freedoms in the tertiary education sector**

32. The TEU argues that despite the existing legislative provision for academic freedom, staff are experiencing increased pressure to change their teaching delivery modes, pass higher

proportions of students, and admit students who are not academically prepared. Current auditing and accountability measures (notably PBRF); senior leadership management styles; and rejection of full involvement of staff in decision-making is hampering the sector.

33. The TEU argues that in order to provide a framework for the tertiary education sector to be transformative, and which ensures the right breadth to cover STEM subjects and the arts, social sciences and humanities, the Government must make a range of changes to its current policy and funding approaches.

34. The TEU proposes the following immediate actions:

- Develop guidelines on the limits of loyalty and fidelity within tertiary education employment arrangements so that they do not interfere with academic freedom;
- Develop and implement accountability mechanisms for TEOs about the preservation and enhancement of academic freedom; and
- Set requirements for all TEOs to empower staff and students. This will mean reviewing the top-down management and decision-making styles used in the sector.

35. The TEU proposes the following future actions:

- *By July 2022* – Expand opportunities for staff to decide on matters of teaching, learning, research and support; elevate the place of academic freedom in institutional reporting;
- Elevate the place of academic freedom in institutional reporting; and
- *By July 2023* – Use legislative policy and funding levers to require institutions to empower staff and learners in decision-making.

### **Ensuring fairness in the tertiary education sector**

36. The TEU argues that in order to produce transformative, lifelong experiences that develop the social, cultural, intellectual and technical capabilities and knowledge of individuals, the system must be based on equity, including active Te Tiriti relationships. However, institutional, structural and systemic racism; lack of pay transparency and gender pay equity; and deteriorating working conditions (exacerbated by COVID-19 and a focus on institutional autonomy) are currently preventing this.

37. The TEU proposes the following immediate actions:

- Require all TEOs to co-design and co-produce strategies to advance equality and eliminate racism;
- Pay a Living Wage across the sector;
- Require investment plans to include equity implementation protocols (including Te Tiriti o Waitangi actions); and
- Work with TEOs to find a funding approach which will stop cuts to jobs and courses.

38. The TEU proposes the following future actions:

- *By July 2022* – Require TEOs to report annually on the institutions' equity gaps; put in place actions which prioritise the wellbeing of students and staff in legislation, policy and auditing; put in place numeric targets for kaimahi Māori; hold tripartite discussions surrounding TEOs adhering to the 'good employer requirements' outlined in the Public Services Act.
- *By July 2023* – Implement a significant funding shift to realise the objectives and priorities set-out in the TES – this includes ring-fenced funding for initiatives to address racism and



other objectives pertaining to the promotion of equity, accessibility, inclusivity, and fairness.

- Hold tripartite discussion on the issue of institutional autonomy to ensure decisions are made in service to, and in the best interests of, staff, students and the future of the tertiary education system.

*TEC has been supporting the resolution of issues at the Unitec subsidiary of Te Pūkenga*

39. Te Rōpu Mataara (Unitec Māori Staff Collective) have written to you about the failure of Unitec management to protect, engage and partner with Māori in relation to the restructure at Unitec. The Board appointment of a single CEO across Unitec and MIT without consultation with the Unitec Rūnanga, and subsequent restructure, led to the departure of key Māori leadership, which has left Māori staff and students feeling vulnerable and unsafe.

40. In February you wrote to the Chair of Te Pūkenga to outline your expectation that Te Pūkenga and its subsidiaries will give full effect to its Charter and Letter of Expectations including demonstrating genuine commitment to Te Tiriti o Waitangi and its principles.

41. TEC continues to provide support to help resolve these issues.

*TEC is developing its work programme on Te Tiriti o Waitangi*

42. The TEC's obligations to honour Te Tiriti o Waitangi cut across all of the TEC's operations. We are currently undertaking a wide range of work that will contribute to this obligation. However, we need to ensure that we have a solid framework for understanding and meeting our obligations.

43. In addition to consistently understanding and meeting these obligations, this work will enable:

- engagement and development with Iwi and Māori, grounding our relationships in Te Tiriti;
- engagement across education and public sector agencies, linking to wider strategies and responses; and
- TEC to build this understanding into all of our work.

44. The TEC are working closely with MoE on this and will continue to engage their expertise as the work programme develops.

**s9(2)(a)**

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Chief Advisor to the Deputy Chief Executive,  
Delivery

Tertiary Education Commission

15 March 2021

EVENT BACKGROUNDER: MEETING WITH THE TERTIARY EDUCATION UNION (TEU), THURSDAY 18 MARCH 2021, 4.30PM-5.00PM

## Appendix A: Biographies of key attendees

 A portrait of Dr Sandra Grey, a woman with short blonde hair, wearing glasses and a dark top, smiling.	<p><b>Dr Sandra Grey – TEU National Secretary</b></p> <p>Dr Grey has been National Secretary for the TEU since April 2020. Prior to this she served as the Communications and Campaigns Officer of the TEU, and as National President (2011-2012 and 2015-2019). Dr Grey was also a member of the NZIST Establishment Board.</p> <p>In her leadership of the TEU, Dr Grey focused on the professional and industrial needs of tertiary education colleagues and sought improvements in the tertiary education system. In May 2019, she was honoured by the TEU with a Life Membership Award.</p> <p>Dr Grey was a staff member of Victoria University 2003-14, continuing her research into a range of social and political issues. Dr Grey was the spokesperson for the campaign that fought successfully to win a referendum on the retention of MMP (2010-15).</p>
 A portrait of Tina Smith, a woman with long blonde hair, wearing a dark top, looking slightly to the side.	<p><b>Tina Smith – TEU National President</b></p> <p>Tina Smith was elected National President for the 2021-22 term. She is senior lecturer of nursing at Te Pae Mātauranga Ki te Ao Universal College of Learning (UCOL) in Palmerston North, and has spent over 30 years working in the ITP sector.</p> <p>Ms Smith has been a member of the TEU branch committee for the last 14 years, served as branch president for six years, has been on the TEU Industrial and Professional Committee for four years, and has been the ITP sector academic representative on TEU's National Council for the last four years.</p> <p>Ms Smith says as Tumu Whakarae-National President she will be a strong voice for the sector, supporting the role of academics in tackling the challenges New Zealand faces head-on, advancing the general staff manifesto, ensuring a just transition in NZIST for staff and students in the vocational education and training sector, and building upon all the TEU members have achieved together.</p>