PPTA

NEW ZEALAND POST PRIMARY TEACHERS' ASSOCIATION

TE WEHENGARUA

www.ppta.org.nz

PPTA RESPONSE TO THE PRODUCTIVITY COMMISSION ISSUES PAPER: NEW MODELS OF TERTIARY EDUCATION

May 2016

ABOUT PPTA

PPTA represents over 17,000 secondary teachers, principals, and manual and technology teachers in New Zealand; this is the majority of teachers engaged in secondary education – approximately 90% of eligible teachers choose to join PPTA.

Under our constitution, all PPTA activity is guided by the following objectives:

(a) To advance the cause of education generally and of all phases of secondary and technical education in particular;
(b) To uphold and maintain the just claims of its members individually and collectively; and
(c) To affirm and advance Te Tiriti O Waitangi.

PPTA is not affiliated to a political party and our members individually support a broad spectrum of political parties in Parliament. However, PPTA has consistently promoted policies that promote progressive economics, social policy and employment relations policy.

1 INTRODUCTION

Thank you for the invitation to comment on this paper and for the opportunity to meet with the commission and discuss some of the issues raised. PPTA is mainly concerned about what happens at the interface between secondary schools and tertiary education though we do have some general comments to make about the context and theoretical economic model that underpins the analysis.

2 THE TERTIARY EDUCATION CONTEXT

2.1 PPTA believes unapologetically that education is a social good and a public responsibility. That is not to deny that private benefits may accrue to individuals as a result of tertiary education, but to take issue with the narrow view that education is a service no different from, say, factory farming.

2.2 The context is important because terms like "innovation" and "inertia" and "productivity" are scattered through the document as if they are neutral terms when they belong in the context of what we might call "sub-prime economics." In its extreme form this view would support the famous Margaret Thatcher dictum that "there is no such thing as society." For the purposes of this document, "innovation" doesn't mean the discovery and application of world-changing science and technology but seems to mean way of delivering the commodity called tertiary education to larger numbers of people at less cost; in other words a narrow profit-driven agenda. Similarly productivity does not seem to refer to activities that would enhance the lives of all New Zealanders (and possibly citizens of other countries) but simply anything that reduces costs and increases profitability.

2.3 Another concerning assumption that underpins this report is that tertiary education ought to increase productivity, as if the two are linear and causally related. The tertiary system may well have an impact on productivity but only as a one factor in a complex system. There will be multiple other factors involved in the productivity equation, many of which are hard to discern and impossible to measure. It may be that tertiary education does contribute to productivity but that government policies fail to support productivity generally; so, for example,

- The capital gain to be made in the housing market may be stopping investment in productive activities;
- The rapid growth in inequality in New Zealand may blighting the opportunities of several generations and consequently impacting on productivity;
- The inadequate investment in pre-school, primary and secondary education may be undermining the tertiary system;
- Competition between institutions at all levels of education may be reducing opportunities for sensible synergies and collaborative endeavours;
- Fragmentation and incoherence may be increasing costs and preventing economies of scale;

- The devaluation of science in New Zealand may be undermining real productivity; there are few jobs for scientists and those that do exist are often insecure and require constant scrabbling for funding. In the absence of any real career opportunities what prospect is there of NZ growing its science base?
- Poor management practices. Governments have systematically established workplace regimes which make it easy for managers to inflate their own salaries by reducing investment in employees. Innovation, creativity and commitment are less likely to come from employees who are overworked, underpaid, under constant surveillance and insecure.

This is not intended to be an exhaustive list, there will be other factors not mentioned here. The purpose of the list is to warn against the tendency to imagine the pot of gold at the end of the rainbow has been discovered.

3 CREDENTIALISM

3.1 Tertiary education should not be considered in isolation from other social and economic policies. The reality is that the expansion of tertiary education and its partner in crime, credentialism, is a direct result of unemployment. The promise that a reinvigoration of the private sector would create jobs and wealth for all New Zealanders has proven to be empty. In reality those in work are often doing the job of at least two people, many people are under-employed, (ie trapped in insecure part-time work) while many others are unemployed, often with no prospect of unemployment.

3.2 Individuals are expected to be constantly upskilling, at their own cost, in the hope that this will eventually lead to employment. The relentless pressure to upgrade qualifications serves to conceal the real rate of unemployment. Often it does not even make the young person more employable but it does enrich the providers.

3.3 It appears easy to encourage young people to take out loans for a qualification which may well be worthless. In USA where there is still interest charged on student loans the one trillion dollar debt[1] that young graduates have racked up has become an election issue. There is evidence that private providers, in particular, have been milking the opportunities that the student loan policy gives them to sell debt to students. This amounts to rampant exploitation of a generation of young people who may end up unable to ever borrow money again because they have a bad credit rating. This not just a personal disaster for the individuals caught in the web: there are suggestions it will constrain economic development in the future and that it poses a risk similar to that of sub-prime loans.

[1] Bergman Jill. Market Watch. Jan 30th 2016. Watch America's student-loan debt grow $2,726 every second

3.4 In New Zealand our young people are effectively left to take a punt on a qualification in the hope that there will be an employment outcome. Many qualifications are marketed to young people with a complete disregard for the reality that there is a dearth of jobs in the field – for example hairdressing, media or travel and tourism.

4 INFORMATION OVERLOAD

4.1 Question 2 asks if young people receive sufficient information about their tertiary options as if there is such a thing as perfect information. It is unreasonable and unfair to expect young people to have the prescience to know what qualification will be best for them when they have never studied at tertiary level before and are still growing up. It is equally unfair to expect them to navigate through the sophisticated marketing blandishments that institutions provide.

4.2 There should be no need for money from taxpayers or student fees to be spent on marketing. What is needed is a single website that sets out the courses of study available in New Zealand, neutrally and dispassionately. It should be accompanied by related and accurate information about the prospects for employment in that field and the employment conditions such as location and pay.

4.3 The system is upside down. Students need to opportunities to experience work and tertiary education while they are still at school through programmes like Gateway and STAR, then they might have a better idea of where their best future lies.

5 WORK AND STUDY

5.1 PPTA supports the view, outlined in the CTU submission, endorsing the practice adopted in Denmark which provides the recently unemployed with a living wage for two years so they can study and retrain without financial hardship.

5.2 Another alternative would be the introduction of the universal basic income to provide young New Zealanders with some financial security while they explored possible careers.[2] While this proposal may appear radical, it is less so when the range of employment subsidies and tax breaks currently available to employers are considered. Moreover, the taxpayer is further subsidising low-wage employers through Working for Families and initiatives such as community service cards.

[2] Bregmna, R. **Utopia for Realists**. **The case for a universal basic income, open borders and a 15 hour work week**. The Correspondent 2016

5.3 To be clear, this is not a voucher proposal which would have the effect of destroying the infrastructure that people need in order to make use of their opportunities. This would be the "uber effect". There is money to be made by sharp operators through undercutting traditional structures but like all pyramid schemes – only at the beginning. Once the system is fragmented, there will be risks to public safety (and to the safety of drivers) and anyone who needs transport at non-standard times or who lives outside metropolitan areas will find themselves without a service.

5.4 The recent discussion about the possibility of three years' free tertiary education also speaks to this issue as it means students don't need to head straight into tertiary education from school. Many students would benefit from some time spent gaining life experience before embarking on further qualifications.

6 THE TERTIARY BUSINESS MODEL

6.1 In response to Question 3 whether the business model of universities is accurate, PPTA would note that the model is extremely limited. It presents a "success narrative" which would be accurate if there were no other players or factors involved. It is based on an ideal whereby an individual institution aims to attract students from other providers, in order to make a profit. The profit is then supposedly invested in improved performance (or more commonly property and CEO salaries and benefits). This ignores the reality that in a national system, there is a cost to students and the taxpayer if other institutions are under-subscribed and financially non-viable.

6.2 Secondary schools deal with the consequences of this same business model on a daily basis. PPTA has previously submitted to the Productivity Commission on this very issue. The points we made bear repeating:

New Zealand schools follow a model which is generally endorsed by the Productivity Commission; that is, they compete with each other for students and thus funding. In order to survive, schools must attract as many students as they can and retain them. If a secondary school should suffer from a falling roll, its staffing and funding is reduced, leading to a decrease in the number of curriculum subjects offered, a reduction in pastoral care provision and fewer sporting and cultural options for the students. These reductions may exacerbate the struggle to attract students and teaching staff, leading to further cuts in the options, activities and support that schools can provide. The resulting spiral of decline can be very difficult for a school to pull out of. All the policy levers for schools with the exception of the government's recent initiative, Investing in Educational Success (IES), reward self-interest not collaboration.

6.3 The more necrotic side of this zero sum game is the way institutions manipulate their intakes and sometimes their results, in order to retain funding. Competition encourages cheating of various kinds[3]. The most obvious thing is to try to ensure that the student intake is overwhelmingly drawn from those who are likely to succeed in education. There are various ways this can be done: drawing up a zone that keeps out undesirable students, developing a waiting list so that the best students can be parachuted in as soon as there is a vacancy, having expensive uniform and other expectations that poor families can't afford, using the maximum roll provisions under the integration act as a selection device and even rigging the zoning ballot[4].

6.4 The other mechanism institutions use to protect funding and preserve reputations is cheat on the achievement data. The PPTA conference paper The NCEA: Can it be saved? identifies ways this might be done.

6.5 The reluctance to appreciate the complex ways in which a low-trust competitive system can be gamed means that the performance measures that are used to evaluate the performance of tertiary providers will not be particularly reliable.

6.6 It is unwise to establish a competitive system that pressures everyone to be winners regardless of the cost and then hope that auditing measures or professional restraint will stop abuse. It would be better to build a high-trust, collaborative system in the first place. It is even less advisable to imagine that a fragmented market response, relying on entrepreneurs to basically asset strip a national resource, will facilitate real productivity gains.

6.7 A better business model for tertiary education would have the following features:

- A less competitive and more collaborative national system. PPTA's experience with pre-service education for secondary teachers is that none of the institutions find it easy to provide specialised training for small subject areas like Physics. The answer probably lies in finding ways to work together.
- Rationalisation of institutions. It seems incredible that there are so many tertiary providers all with administration, management and property and facility overheads for a relatively small population. No wonder New Zealand's costs are higher than other jurisdictions;
- Establish a shared and factual website for all tertiary institutions to eliminate spending on marketing;
- ICT should be used to reduce fragmentation and facilitate collaboration rather than for setting up MOOCs. Students deserve to be taught and supported by human beings not algorithms;

[3] To understand how endemic this is to the human condition, consider the amount of systematic cheating in professional sport.

[4] New Zealand Herald Monday June 25 2012 Claim Auckland schools skew zones

- A return to national collective employment agreements for tertiary staff to enhance transparency and give value for taxpayer money. The shift to site agreements has enriched CEOs, administrators and managers at the expense of all other employees. In the end, these people are public servants and salaries and conditions should reflect the restraint that New Zealanders expect for people paid from the public purse.
- Transparent employment arrangements would also assist in addressing the serious gender inequality in tertiary institutions. In universities, for example, women are a majority of employees but hold fewer than a quarter of senior positions. It is surprising that the report passed no comment on this issue. It should have been included, particularly in the light of the faith the report puts in "innovators" as the saviours of the tertiary system. The terminology which privileges risk-taking while dismissing the human costs of "creative destruction" suggests an expectation that the entrepreneurial, risk-taking innovators will be mostly men and those left dealing with the job losses and family consequences will be mostly women.[5]
- The tendency to mission creep should be contained. Some tertiary providers behave more like property development companies. The recent legislative proposal to enable them to set up charter schools is an example of unhelpful confusion of roles;

7 SPECIFIC COMMENTS ON THE SECONDARY/TERTIARY INTERFACE.

Further to our discussions on the 13th April 2016.

7.1 **How effective are careers services in schools?** In its recent report Careers education and guidance: good practice (May 2015) 07/05/2015 ERO noted that the careers service needs to more actively support schools. PPTA would point out that the formula for career guidance in schools hasn't changed in more than 50 years. There is provision for only one allowance per school ($1500) regardless of the number of students and they receive no guaranteed time to do the work. Care should be taken in assuming that the tendency of young people's "mill and churn" can be addressed by more information and advice. Information has its place, providing provision is also made for the students to experience work and study outside the school.

7. 2 **What do effective partnerships between schools and tertiary providers look like?** There are some examples of successful partnerships appearing, for example EIT and MIT, but in both these cases the tertiary institutions are putting in additional funding which suggests that the additional funding is a significant factor in their success.

[5] Judgment and Decision Making, Vol. 1, No. 1, July 2006, pp. 48–63 Gender Differences in Risk Assessment: Why do Women Take Fewer Risks than Men?

For partnerships to work, the tertiary institutions have to have a realistic view of the level of support many of these students need and how difficult it can be to sustain learning for a student who is out of school on a regular basis. Secondary schools talk about students drifting back to schools or not attending the course at all. This is one of the reasons PPTA thinks that the partnerships would work better if secondary schools, the institutions that knows the students best, had more of a brokering role as they do with STAR and Gateway. The expectation that all students will be able to successfully negotiate between institutions is misplaced. They need real world experience in a safe and supported environment.

We are beginning to see institutions demanding that students have Level 2 maths before they can join a particular programme. This may be entirely justified but indicates that a process of selection referred to in 6.2 above is underway. If all the funding is doing is redirecting highly-motivated students who would otherwise have gone to university into polytechnics then the programme is failing to deal with the more complex problems of engagement.

The ministry of education has been missing in action as a partner through most of this exercise. While it has endeavoured to provide schools with assistance when it is sought, it has been driven by an evangelism (probably reflecting the wishes of its political masters) around the youth guarantee programme. The result has been that it refuses it engage with the very real problems that the shared funding model causes for secondary schools.

The shared funding for secondary/tertiary partnerships serves the needs of accountants in the ministry well as it is easy to manage at the centre. For schools, it creates uncertainty of funding which impacts on their staffing decisions and courses. The ministry argues that the cashed up formula provided to schools is higher than the equivalent cost in teacher staffing and that is true but does not consider that the small, low-decile and rural schools that are struggling most with this are already vulnerable as a result of the factors described in 6.2. The reality is that if a school cannot offer permanent full-time teaching positions, it will not be able to recruit subject specialists.

The ministry's response to the problem is to blame schools; for example, suggesting they should drop programmes that prepare students for university. This is disingenuous because that would have the effect of driving university-bound students to enrol in another school. Solutions that urge turkeys to vote for an early Christmas are not solutions. Also, implied in this response is the suggestion that New Zealand should abandon the idea of comprehensive education with vocational and academic pathways available in the same institution. PPTA's view is that if New Zealand is embarking on a return to the 1940s with separate technical and academic schools and the class-based streaming implicit in that, there should at least be some public debate about the wisdom and consequences of such a direction. It should not be happening by default because the ministry is hell-bent on serving a short-term political agenda.

The ministry is also dismissive of the problems in operating a school timetable when students are absent for periods of time attending other institutions. Once again the ministry implies the schools are deliberately causing this problem for themselves and ignores the reality that secondary schools must provide a valid programme for all the students who attend. Secondary schools do not have the economies of scale of large tertiary institutions or the luxury of the narrow focus of PTEs.

PPTA has not seen a single ministry paper where the implications for the quality of education in secondary schools has ever been mentioned in relation to the youth guarantee. Instead, schools are positioned as a problem and inconvenience. This is a result of siloes in the ministry which seem to encourage tunnel vision.

7.3 What sort of information about students' post–school pathways do schools want?

Schools will be interested in any data on student destinations because it will help them calibrate the programmes they run and, more significantly, because teachers really like to know how things have worked out for kids they have taught.

7.4 Is the focus on providing non-school pathways for students aged 16+ the right approach?

To be successful interventions must be "early in the life of the child or early in the life of the problem"; currently, New Zealand meets neither of those tests. Policy around the needs of children and adolescents is ad hoc and piecemeal. We have previously recommended to the Productivity Commission, the report from the Prime Minister's Science Advisor, Sir Peter Gluckman, on Improving the Transition Reducing Social and Psychological Morbidity During Adolescence. In it, he proposes a systematic and scientific approach to the range of social and health problems which lead to underachievement. In the interim, New Zealand has no choice but to continue investing in support for disengaged students at secondary schools because even if there were the political will to fund early intervention, it would take almost a generation to see results.

One of the particular difficulties of the youth guarantee funding model (including fees–free places and trades academies) is that it reduces the number of full-time students in a school so has a negative impact on staffing and funding. This may mean that the school has to reduce the range of subjects and support it can give students in years 9 and 10. The focus on 16+ is all very well but the cost shouldn't be being borne by younger students in the school.

7.5 Is it true that students arrive at university without a coherent collection of courses? What are the causes?

- This may happen because of the immense pressure on schools from all quarters to deliver on the BPS target of 85% of 18 year olds achieving at Level 2. Policies that are not well-thought through have unintended effects and this was one of them. The ministry has been actively riding shotgun on schools pressuring them to lift achievement. They got what they wanted.

- Another cause of incoherence is noted in the PPTA, NCEA paper mentioned above. There is no common standard between school-based achievement standards and unit standards so it is possible for students to accumulate credits at a lower level and a much faster rate by using unit standards. It is not unreasonable of schools and students to facilitate that. The failure of the agencies to undertake a levelling and consistency exercise lies at the heart of this problem.

7.6 **Are students poorly informed about vocational options in contrast to the university pathway?**

There are a number of explanations for why this might be the case:

- The ministry's initial management around the introduction of vocational pathways was woeful. Decisions were made at the centre with very little thought for their application in schools. So, for example, the Student Management System that schools use, was not upgraded to allow them to easily process data to show a student's vocational pathway credits.
- Schools are still coming to grips with the practical implications and are left playing catch-up with the ministry. For example, the pressure to retain students at school has been very successful and now schools have many students who have achieved Level 3 and are looking for vocational credits at Level 3. They pretty much don't exist. The Ministry's answer is that schools should partner with a local tertiary provider that offers Level 3 credits. Even if there is such an organisation, accessible, willing and able to do this, the exercise is complicated and akin to asking schools to perform a valve grind while the engine is running. It represents a complete failure of project management.
- Vocational pathways is an extension of NCEA which many people still don't understand after almost 15 years. It is optimistic to make schools solely responsible for providing all the updating for students, their families and the wider community.
- There is a tendency on the part of vocational providers to constantly criticise secondary schools as part of their own argument for more funding. Perhaps they should make greater efforts to make contact with secondary schools to support the communication process. If the system had been designed around a brokering role for secondary schools, that might have reduced the incoherence that sits at the heart of this particular problem.

Nevertheless, the knowledge and understanding about vocational pathways is growing both in schools and the wider community.

8 CONCLUSION

It is concerning to read in the subtext of this report that tertiary education needs more competition, privatisation and profiteering. This is exactly the model adopted in USA and they certainly do not see that as an overwhelming success. The structure and design of our tertiary system should serve the interests of all New Zealanders. That will not be achieved if it is turned into a mechanism for businessmen who wish to build empires and increase their own wealth and status.