

## Economic Policy Centre

### Pensions and Intergenerational Equity

## University underfunding is compounded by their greater corporatisation

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### **PIE Commentary 2023-15<sup>2</sup>**

PIE highlights intergenerational equity issues in the 21<sup>st</sup> century. Many of today's concerns are the outcome of neoliberal economics, including the fundamental idea that a corporate structure is the best way to deliver public services. More than three decades on from the transformational economic changes under Rogernomics, the results of governance of the universities under a corporate structure have been unimpressive. For improved intergenerational equity and a better functioning economy, a world class tertiary sector that has students and academics at its centre is required.

We republish this commentary by Professor Ananish Chaudhuri, with acknowledgement and thanks to Newsroom<sup>3</sup>. As Ananish says

*"The university sector has many pressing issues but it looks unlikely the incoming government is going to give it any priority, which is a problem because universities are the drivers of significant social and economic change."*

### **University underfunding is compounded by their greater corporatisation**

The recent upheavals at Massey University provide evidence that the crisis in New Zealand's university sector continues. Without radical interventions, the crises will continue.

There is no denying government apathy and underfunding is a crucial part of this crisis. But the underfunding problem is being compounded by the greater corporatisation of universities and a lack of trust between administrators on the one hand and the staff and students on the other. This has led to a loss of a sense of purpose at our universities.

This dissonance is highlighted by Massey's decision to open a campus in Singapore while shutting down large parts of its operation in New Zealand. To the best of my knowledge, no satisfactory explanation about this decision has been forthcoming.

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<sup>2</sup> Commentaries are opinion pieces published as contributions to public debate, and do not necessarily reflect the view of the Pensions and Intergenerational Equity Hub.

<sup>3</sup> First published [University Underfunding Is Compounded By Their Greater Corporatisation | Newsroom](#), 9<sup>th</sup> November 2023.

Section 161 (1) of the Education Act states that it's Parliament's intention to ensure academic freedom and the autonomy of institutions are preserved and enhanced. Section 161 (2) elaborates this as (a) the freedom of academic staff and students, within the law, to question and test received wisdom, to put forward new ideas and to state controversial or unpopular opinions; (b) the freedom of staff and students to engage in research; (c) the freedom of the institution and its staff to regulate the subject matter of courses; (d) the freedom of the institution and its staff to teach and assess students in the manner they consider best promotes learning; (e) the freedom of the institution through its chief executive to appoint staff.

Essentially, the act envisages significant freedom and responsibility on the part of academic staff to decide what is to be taught and to safeguard the interests of students. Yet, these academic freedoms are routinely being curtailed. Staff and students increasingly have little say in selecting university leaders or influencing university policy.

To an extent, this disconnect can be traced back to the 2015 amendments to the Education Act 1989, led by the then Education Minister Stephen Joyce. This resulted in a radical overhaul of the structure of the University Council, the body that governs the activities of the university and appoints the vice-chancellor, the executive officer. It enhanced the involvement of the minister, via ministerial appointees, and of Māori, while reducing the representation of staff, students and alumni.

Ministerial appointees typically have a limited understanding of a university's mission and particularly the notion of academics acting as "critic and conscience" of society. This is in large part because the criticism is most often directed at the same people who appointed the council members in the first place.

It is not entirely fair to blame vice-chancellors for acting more like CEOs than academics. Greater political control has meant increasingly university leaders feel much more obliged to satisfy political demands rather than being accountable to their staff and their students.

University of Auckland's council (a university's governing body) has 12 members with two additional members appointed because of their specialised expertise (usually in areas such as accounting, finance, or law). It includes the Vice-Chancellor, one academic staff member, one professional staff member, one student representative, one person, being Māori, able to advise on issues relevant to Māori, one alumni representative who is also the University's chancellor. Four of the 12 members are appointed by the relevant minister. Non-academics constitute the bulk of the current council.

Furthermore, the vice-chancellor's Performance Review Committee, which is charged with drafting key performance indicators for the vice-chancellor and assessing progress against those goals, has no representation of staff or students at all. Though I do not know for sure, I would guess the situation is similar at all other New Zealand universities.

We have pressing problems across a range of issues, and it's unlikely that the university sector will get priority from the incoming government. But the problem with ignoring universities is that they are the drivers of significant social and economic change. A key problem for New Zealand is low productivity and I cannot think of any other sector that can change this other than the university sector, which trains our workforce. This is mostly why countries such as China and India are devoting huge resources to building their higher education sectors.

In the meantime, barring an infusion of cash, a new Minister of Education should revisit the composition of university councils. They should allow for university senates to play a

greater role in the selection of senior administrators. As a lecturer, every course I teach is evaluated by the students. My research performance is also evaluated by my line manager. But university administrators, particularly vice-chancellors, face no such evaluation from the very people who know the most about their performance. University councils need to be more representative of their core constituencies, academic and professional staff, and students.