Rebuild
New Zealand: tertiary education
Before COVID-19, New Zealand’s tertiary education sector employed over 30,000 people, had more than 380,000 enrolled students and was a significant export earner.

Our tertiary education system plays a crucial role in the fabric of New Zealand society and culture. It equips our people with skills and knowledge and is a source of innovation and creativity. Education institutions are key partners in giving effect to the Treaty of Waitangi and are integral to our liberal democratic system. Tertiary education is also a complex ecosystem with many players, ranging from the large full-offering universities, Te Wānanga o Aotearoa and the newly formed New Zealand Institute of Skills and Technology to many smaller specialist, private providers.

Forces of change

Many of the challenges facing the tertiary education sector are not new, but the impact of COVID-19 has added to these, and accelerated many that already existed. It has also created some real opportunities. Are we agile enough to grasp them?

What students and employers expect and what the world needs is rapidly changing:

- Expectations of distance, blended and in-work delivery models continue to rise (e.g. digital engagement from anywhere in the world; earning a qualification through work experience). Since COVID-19, students expect to be able to flex between remote and face-to-face learning environments.
- Value will always be found in learning, but the demand is increasingly to acquire immediately applicable skills and pathways into employment, and to learn by doing, ideally in a real-work environment. Some people will require rapid retraining to return to work – multi-year courses don’t address urgent needs.
- Employers are increasingly looking for different skills than those traditionally sought: language skills, digital literacy, financial literacy, creativity, agility, along with resilience.
- Some industries are unlikely to require anything like their previous volumes of training (e.g. tourism and related industries such as hospitality), while others (e.g. construction, infrastructure, primary, health) are likely to need more.

The competitive landscape is intensifying in New Zealand and globally as education systems strengthen around the world:

- International competition for staff and students will continue – in the near-term international student numbers are down sharply, and local providers are competing for the limited pool of students.
- New Zealand has become attractive due to its response to COVID-19, and that presents enormous opportunity if the health risk can be rigorously managed at the border.
- Numbers of domestic students have been in decline, following demographic trends and strong employment, but will likely rebound as those affected by COVID-19-driven job losses seek to retrain.

The operating constraints, tensions and incentives in the system tend to stifle agility:

- Places in our tertiary system are capped as are fees; although the Government has lifted the cap as part of its response effort.
- The funding system rewards provision of large-scale, multi-year qualifications, and has never reconciled the tension at the heart of a system that is paid to teach, but has career structures that place a higher value on research.
- Academic rules, regulations and institutional structures – both Government and self-created – fundamentally work against agility.
- The sector is massively invested in physical infrastructure, while the tide is turning towards digital.
Where to next for tertiary education?

Now, more than ever, New Zealand needs high quality and focussed educational institutions to upskill the workforce, drive innovation and employment, and stimulate economic growth. Tertiary education providers can accelerate the national recovery through helping industries and citizens to reskill for the new normal, as well as being a catalyst for growth in priority sectors.

New Zealand’s wider education sector (compulsory and tertiary) has been an important generator of export revenues, contributing around $6 billion annually to the economy from foreign fee-paying students. What opportunities exist to quickly recover this market? And can we go further and capitalise on our largely COVID-19-free domestic environment to capture a greater slice of this international market?

Institutions and providers will need to re-orientate to meet the changing needs of students and employers in the ongoing COVID-19 world. Tertiary education systems around the world are developing responses. So what does New Zealand’s look like? What are the key components? The answer will not be the same for everyone, but all must act swiftly and decisively to capitalise on the opportunities.

Responses to secure near-term benefits:

- **International students** – New Zealand must consider the opportunity to open the border to overseas students, enabling them to live and learn in the world’s lowest COVID-19-risk country. This will have to be managed in a way in which all New Zealanders can have confidence that they are not being exposed to unacceptable risk of imported infection. Tertiary education providers can play a key part in enabling the return of foreign students, and should also be accountable for their part in keeping New Zealand safe.

- **Retraining opportunity** – Domestic demand is likely to surge in line with unemployment, and people will be seeking courses that are focussed on employment opportunities – using shorter and more intensive courses that are also more vocationally orientated.

Responses to secure medium- to long-term benefit (which must also start now):

- **Digital** – The sector must pivot hard towards the digital world, investing in genuine ‘courseware’ – the integrated suite of systems, curriculum, materials, assessments, programme structures and their supporting human capabilities. What does the learning world look like in the future?
  - Students can flex between virtual and in-person classes as their needs change.
  - Lectures, tutorials, assistance, assignments, exercises, materials are available online 24/7, in a ‘designed-for-digital’ form.
  - Programmes may become more flexible and de-semesterised – qualifications can be earned at any time.
  - Learning and pastoral support can all be provided online as well as face-to-face.

- **Differentiation and value** – If curriculum and qualifications are available online anywhere, what will students really value? What will make New Zealand’s institutions stand out from the crowd?
  - The quality of experience, in every step from first contact through to graduation and employment, will be the key differentiator. This means understanding, monitoring and measuring the quality of that experience to be able to respond and improve. This requires a deep understanding of student cohorts, education pathways, teaching and learning preferences, course progression, support requirements, pastoral care models and employment channels.
  - Standardisation of processes and applications is vital in order to release resource and capability to focus on what creates the most value.
  - Can we maintain the international rankings in our university system that remain a key selling point for international students and are important to attracting faculty from offshore?

- **Relevance** – If we challenge ourselves, how well do the skills acquired through our current education system really equip students for the world they will work in?
  - We need deep engagement with employers to understand what skills are actually needed, and how students can best acquire these.
  - How can we use every opportunity to reconfigure programmes around in-work learning and experience? How can this occur alongside formal tertiary education pathways? How many courses can be started in the education system and finished in work?

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- **Faculty and workforce** – What is the investment required in the workforce, and what are the accompanying changes to...

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- How does the sector give full effect to being a Treaty partner, to meeting the aspirations of Iwi, Hāpu and whānau?
- Are we prepared for a world of micro-credentials for ongoing learning, which can be delivered when a student wants, and provide highly relevant and personalised skills that can be used the next day at work?
- What investments, by the Government and industry, will best support New Zealand’s future? Such as in languages, ICT, agriculture and food science, engineering, entrepreneurship.

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current job requirements and careers? New skills will be required both inside and outside the classroom to align with the move towards a more digitised delivery and learning model and to improve the student experience, engagement and attainment. Talent pipelines will need to be refreshed to ensure they align with revised focus areas across different institutions. Industry will need to be mobilised so that its requirements and skills can be applied in the education system.

- Property and infrastructure – What physical footprint and ‘bricks and mortar’ infrastructure is needed? If more lectures and classes are delivered online, how does this impact on the need for traditional facilities such as lecture theatres, tutorial rooms and support spaces? All of the above suggests there will be a need to direct investment into people and technology, rather than physical assets. Capital can be released from surplus physical space and be recycled into those areas needing additional investment. There is also significant opportunity to leverage existing student accommodation and redeploy capital.

- Overall system view – Tertiary institutions are all components within a larger educational system, which needs to be considered in its entirety.

- Secondary-tertiary linkages and transitions must be strengthened, and the world of work needs to be brought closer to the school system. Trades academies are a great start, but what more could be done?

- The disconnects in the benefits system between welfare and financial support for study need to be smoothed out.

- A choice needs to be made about where to increase investment to support New Zealand’s economy. Our world-class agricultural sector needs access to world-class research and science, and an agri-focused tertiary education system to support it.

- Are we prepared to contemplate any rationalisation across the tertiary education sector? This could be reducing the number of fully independent institutions to gain efficiencies out of the capital base invested in the sector and better leveraging of the limited talent pool available. Can there be a reduction in the range of courses and faculties within some institutions to encourage greater specialisation and lessen duplication?

- New Zealand must find a way to implement systems to better assess the value (rather than just volume) produced from the tertiary sector, in terms of talent retention, research outputs, student achievement, employers’ requirements and financial wellbeing.

Emerging stronger

The tertiary education sector has shown its ability to mobilise in the face of COVID-19, by stabilising operations and quickly shifting its delivery model to enable remote learning. There are immediate opportunities around international students to make gains beyond what has been lost, and around the likely flow of newly unemployed New Zealanders into the education sector.

For any institution, or part of the sector, the precise mix of responses will be different. But the coming upswing from the nation’s need to re-train can be used to re-establish finances, and create the financial capacity to accelerate existing moves to respond to the challenges the sector faces. Differentiating around what customers and stakeholders value, and will pay for, offers the best opportunity for competing internationally and domestically.

Contact us

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