

New Zealand universities hit by long-term assault on pay and jobs

John Braddock
1 September 2022

The Tertiary Education Union (TEU) recently released a report into funding and salaries in New Zealand's universities.

While limited in scope, the report commissioned from economic consultants BERL (Business and Economic Research Ltd), provides a glimpse into the long-term assault on the wages and conditions of university staff.

The report constitutes a damning, albeit unintended, indictment of the TEU, which has done nothing to oppose the wave of offensives against public education, staff and students by university administrations and successive governments.

The TEU said it commissioned the report, titled *Where does the Money Go? Analysis of NZ universities' financial statements*, because it wanted to know where public and private investment in universities was being directed and "identify issues that needed addressing." BERL's analysis was based on the annual reports of all eight of the country's universities since 2008.

The report establishes that overall operating revenue and expenses from 2008–2020 increased faster than inflation, reaching a high point in 2019, prior to the onset of the COVID pandemic. Universities' total operating revenue grew by 25 percent, government funding by 16.5 percent, student fees revenue by 45 percent and research revenue by 48 percent.

The sector oversaw a significant increase in international students and a drop in domestic students. As is the case throughout the world, international students, who pay much higher, unsubsidised fees in the tens of thousands of dollars, were used as cash cows to prop up the universities. International students became New Zealand's fourth biggest export earner.

Prime responsibility for this system lies with the 1984–1990 Labour Party government's "Learning for Life" agenda, which opened the door to a swathe of government funding cuts, abolished free tertiary education

and introduced the first student fees, while forcing universities to run on competitive "business" lines and through entrepreneurial activities.

According to BERL, since 2008 access to contestable research revenue and student fee revenue grew faster than government funding, thereby shifting the burdens, financial and otherwise, onto staff and students. While total university operating expenses increased by 18 percent, growth in staff costs and wages, despite an increase in personnel numbers, went up by just 7 percent. Spending increases have centred on property, new buildings and equipment.

The report highlights that average salaries have not kept up with inflation since 2007/8. University of Otago salaries fell in real terms by 10 percent in the 13 years, while at the University of Auckland, the country's biggest, the decrease was 17 percent.

The TEU contrives to evade its own culpability in this assault. It boasts that the union "negotiated settlements in most years that reflect inflation." From 2006–08, following two years of unspecified "nationwide action" by TEU members resulting in "tripartite talks," salary increases of 7.5 percent in 2006 (CPI 3.3 percent), 6.2 percent in 2007 (CPI 2.5 percent) and 5 percent in 2008 (CPI 4.1 percent) were negotiated.

The TEU says nothing about pay settlements or any purported "action" from 2008 to 2020. This was a period, following the financial crisis of 2008, of intense restructuring, with widespread layoffs, soaring student fees and debt, and cuts to admissions, courses and libraries.

The union collaborated in numerous attacks. In March 2010, for example, TEU branch president Megan Clayton declared that she was "reasonably happy" with the way Canterbury University had consulted the union before imposing nearly 100 redundancies.

In 2015, the TEU responded to 300 impending job cuts

at Unitec in Auckland by calling on management “to undertake a change in such ways that staff are brought along with the changes; and at a pace that will allow change to bed in.”

With the onset of the COVID pandemic in early 2020, border closures saw international student enrolments cut by more than half. In 2019, New Zealand had about 22,000 full-time international students paying total fees of \$NZ562 million. That quickly fell to less than 10,000 students. While applications are now “recovering” with borders reopened, they are running at only 50 percent of pre-pandemic levels.

The financial “hole” produced an immediate and severe assault on jobs. Victoria University of Wellington (VUW) said it expected a \$12 million loss and Auckland University anticipated a \$30 million loss.

The TEU promptly signalled that it would not oppose the assault. In May 2020, with a hiring freeze already in place, the TEU demanded that union officials be included in all “high level decisions” on the impacts of COVID-19. It called for “all affected parties representing government, sector leaders, unions, staff, students and their communities,” to collaborate on a “nationwide strategy” to address the impact of the travel ban.

The TEU welcomed bogus advice by the Tertiary Education Commission (TEC) that financial impacts would be “managed appropriately” in relation to staff cuts. Then TEU national president Michael Gilchrist declared: “Staff cuts should be the last option considered.”

By March 2021, some 700 jobs had been shed nationwide. At the University of Auckland 300 had signed up for a “voluntary” severance package, at VUW 100 did the same, and at each of AUT, Massey and Lincoln more than 70 staff had already left or were going. Auckland reported paying \$44 million in redundancies to staff whose jobs were axed.

New TEU president Tina Smith told Radio NZ the job cuts were “huge” and that “senior academics are being pushed out, shoved out, encouraged to leave because they want them to be replaced by cheaper options.”

The modus operandi of the TEU was shown at VUW, where staff were warned that “extra measures” would be required due to expected losses ballooning to \$33.5 million in 2021, adding to a \$19 million deficit for 2020. TEU branch president Dougal McNeill—a leading member of the pseudo-left International Socialist Organisation—declared the announcement had left members “prepared to fight.” In fact, the TEU accepted

some cuts as inevitable and helped to impose them.

After VUW publicly ruled out “large scale” sackings, the TEU claimed a victory, declaring on Facebook: “The Vic Uni branch has shown how much is achieved when we stand together.” Some 60 “voluntary” redundancies were carried through while the TEU made no attempt to unite staff across universities in a nationwide campaign against the cuts.

The entire trade union bureaucracy, meanwhile, has done nothing to oppose the Ardern Labour government’s decision last October, following demands by big business, the media and university administrations, to ditch virtually all public health precautions and let COVID “rip.” The unions have acted as enforcers of the “return to work” agenda.

The results have been a disaster, including in the universities. In March this year, COVID-19 swept through the halls of residence at VUW. The university reported 648 cases in its 13 live-in premises, making up a quarter of all student residents, many of whom had only arrived a week earlier to begin the year. The administration kept in-person lectures going, with a streaming option made available.

Attacks on jobs in the wider tertiary sector are set to continue. The government is currently restructuring the country’s polytechnic system, merging 16 trades training institutions into a single entity, forecast to save \$52 million per annum from 2023.

The polytechnics currently have about 7,800 staff. The TEC recently pointed to a 16 percent decline in enrolments over the past five years and warned that necessary financial results could not be achieved unless a large number of staff left and further job cuts were imposed.

The TEU has moved to channel members into a corporatist “consultation” process which involves making submissions on the proposed “operating structure,” with no campaign to oppose any assault on jobs, wages and conditions.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact