



NEW ZEALAND UNION OF STUDENTS' ASSOCIATIONS (INC.)

TE RŌPŪ ĀKONGA O NGĀ WHARE WĀNANGA O AOTEAROA

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Press Release

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Attention: Education and Political reporters

National neutralises election promise

Hundreds of thousands of graduates and students will be disappointed at the Government's elimination of an election promise today.

The Government has proposed extending the annual \$50 administration fee for student loan accounts to all borrowers who hold a student loan. Currently students pay a \$50 administration fee only for each year they take out a student loan.

In recognition of an election promise in 2008, one of the first tertiary education policies the current government implemented was a 10 percent voluntary repayment bonus to enable more young people to become debt free earlier and make loans easier to pay off. Borrowers making a voluntary repayment of \$500 or more would get an extra 10 per cent bonus from the government.

"Today's announcement effectively wipes out this election promise. National has effectively cancelled their repayment bonus. If a borrower pays \$500 to get the 10% bonus, this \$50 account fee will snatch that away. This is a backwards step that will affect hundreds of thousands of New Zealanders, and make it harder for them to pay off their loans," says NZUSA co-President David Do.

The split in funding directly to institutions and funding to students also needs to be clarified. The 2008 Ministry of Education report 'Measuring up – How does the New Zealand's tertiary education system compare' confirmed that subsidies to students accounted for 42 percent of government spending on tertiary education.

"However most 'subsidies to students' are actually subsidies to tertiary institutions. This is because most borrowing through student loans is for tuition fees which are paid directly to institutions. When this is accounted for, the proportion actually spent on supporting students is 23 percent. This is more in line with OECD countries than the often-quoted 42 percent figure," says Do.

"The Government emphasises closing the gap with Australia. But when it comes to tertiary funding, we are falling behind. Last year's Australian budget significantly boosted funding into tertiary institutions and student support. In contrast, last year's budget here failed to increase funding to meet higher demand and support quality," says NZUSA co-President Mr Pene Delaney.

"Today's announcements are a reminder that hundreds of thousands of New Zealanders shoulder the huge burden of over \$10 billion of student debt. Instead of looking at how to reduce the drivers of debt – higher fees, lack of access to allowances and borrowing to live – the government's package of proposals ignore these drivers and go in the wrong direction," concludes Delaney.

NZUSA is the national representative body for tertiary students and has been advocating on student issues since 1929.

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