

21 July 2011

Annual Maximum Fee Movement Submissions
Tertiary Education Policy
Ministry of Education
PO Box 1666
Wellington 6140

Re: Education (2012 Annual Maximum Fee Movement) Notice 2011

This submission is made on behalf on the New Zealand Union of Students' Associations (NZUSA). NZUSA is a federation of students' associations with members for universities, institutes of technology and polytechnics across the country. NZUSA has been representing the collective interests and concerns of tertiary students since 1929 as the peak body for learners and leaders of the student movement in New Zealand.

NZUSA welcomes the opportunity to submit feedback on the Education (2012 Annual Maximum Fee Movement) Notice 2011.

AMFM

NZUSA submits that the Annual Maximum Fee Movement (AMFM) be set at 0% for 2011. We are concerned at the high and rising cost of tuition fees in New Zealand today, the impacts of which are being felt by individual students, graduates, families, the economy and wider society.

Tuition fees are a barrier to participation in higher education, and are a direct contributor to student loan debt, with collective student debt held in our communities now reaching \$12billion. Any movement on fee policy results in a direct impact on student debt, with repercussions for both the borrower and Government.

NZUSA was disappointed at the removal of tertiary tuition fee caps. We have reservations about the appropriateness and effectiveness of the previous fee maxima system and AMFM regulation, we do note that it leads to slower fee increases – an important positive in an otherwise very high cost environment.

This position is supported in the Ministry of Education's *Counting the cost – an analysis of domestic tuition fees* (2009), which found that:

- The fee maxima policy had resulted in lower fee increases than the unregulated environment of the 1990s
- The general affordability of fees improved under this stabilisation policy
- This was accompanied and supported by increases in Government funding

NZUSA's own research into students' financial situation, the *Income & Expenditure Survey* (2010), also shows the impact of fees:

- 70% of students agreed that fees are too high
- One in four students stated that tuition fees had an influence on their choice of course
- Of those who cited fees as an influence on course choice, 58% had to think carefully about whether their courses/papers were worth taking, 46% had to think carefully about whether they could afford to study/be a student, and 21% stated that fees influenced their choice about which institution to attend
- Of those not continuing their studies in 2011, 13% cite inability to afford to study as the main reason and 6% as it as another reason they can not study.

Tuition fee rises must be considered in the wider context of consumer charges. GST is an additional cost on fees facing students, and therefore the ability of institutions to add to tuition fee rises in this way should be taken into account when considering the AMFM rate.

In addition, NZUSA is opposed to the one year AMFM. Students need more certainty over the future costs of their education, and institutions also need some assurance over their expected income. Without some indication of what future years hold, there is a risk that some institutions will raise fees by the maximum 4% available simply to make the most of income open to them now. This seems contrary to the intent of the AMFM policy, and to ensuring affordability or accessibility for students.

Exceptions to the AMFM

It is difficult to see justification for further fee increases via exceptions to the AMFM considering the changes announced in 2010, effectively removing fee caps and allowing across-the-board fee rises for the foreseeable future.

In light of this, NZUSA recommends that institutions with courses that were excluded from the previous fee regulation system (the Annual Fee Movement Limit) due to being above the fee maxima, will already benefit from the AMFM and are now free to resume fee rises each year, and as such should not be eligible to apply for the additional 4% exception.

Given an exceptions provision remains at all within the AMFM process, it is pleasing to note that the proposed exceptions criteria remains otherwise strict and robust for 2012, and that all four criteria must be met in order to gain an exception.

However, NZUSA would propose that the exception to the AMFM be limited to less than an additional 4%. When taken in the wider context of the rise in GST, some students could be facing fee rises of almost 10%, which is a very high increase.

In conclusion

NZUSA urges the Minister to consider the impact of already high fees on New Zealand students and their families, the significant workforce shortages in many areas that stand to be affected by the ongoing rising cost of training and education, and the impact of tuition fees on student loan debt. Both the individual and the Government are negatively affected when student loan borrowing is high and rising.

In the past year students have had the cap on fees effectively removed and have shouldered a rise in GST which comes in addition to any permitted fee rise, both of which will see tuition fees rise quite considerably. Any exceptions granted beyond these rises would be unexpected, unfair and unwarranted.

NZUSA submits that the AMFM be set at 0% for 2012, and that any exceptions be set at less than 4%.

Yours sincerely



David Do & Max Hardy
NZUSA Co-Presidents 2011