



NEW ZEALAND UNION OF STUDENTS' ASSOCIATIONS (INC.)

TE RŌPŪ ĀKONGA O NGĀ WHARE WĀNANGA O AOTEAROA

NZUSA

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**MEDIA
RELEASE**

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Cost of universal allowances much lower than reported

Ministry of Education documents sourced under the Official Information Act by the New Zealand Union of Students' Associations (NZUSA) reveal that the cost of a universal student allowance is significantly lower than figures cited recently in some media.

"Since Labour's interest in a universal student allowance became public, there has been much confusion regarding the cost of this policy. The public deserve to know that the costs are actually rather modest, while the benefits are immense", said Paul Falloon, Co-President of the New Zealand Union of Students' Associations.

"Various media reports have put the total cost of providing fulltime domestic students with a living allowance at \$728 million per year. However, a Ministry of Education paper obtained by NZUSA estimates the actual net extra cost of the policy to be significantly less, at an average of just \$182 million per year, or \$728 million over four years", said Falloon.

"The document also reveals that the policy will result in a \$33 million reduction in operating expenditure over the same period, as some existing costs of the current student loan scheme are removed and total borrowing declines, providing significant social and financial benefit for both individuals and the economy", added Falloon.

Ministry of Education statistics show numbers receiving allowances dropped every year between 2001 and 2005 and that government expenditure on allowances remains less today than in 2001. Only a third of students currently receive any form of allowance while studying, with the average weekly payment a mere \$70. A 2007 study by TNS Conversa revealed average living costs faced by students are now \$300 a week, while average student debt has risen 54% since 2004 and is now a whopping \$28,838.

"Lack of allowances is the key contributor to high student debt, as students are forced to borrow to meet basic living costs. New Zealand loses millions of dollars a year through the loss of skilled graduates pushed overseas by these unmanageable debts hampering their future. \$182 million a year to support the living costs of students is a bargain in return for the benefits this initiative would have for the country", concluded Falloon.

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