Submission

of the

New Zealand Union of Students' Associations

on the

Annual Maximum Fee Movement (AMFM) for 2021.

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To	**The Ministry of Education**
From	**New Zealand Union of Students' Associations (NZUSA)**
Date	**20 August 2020**
Subject	**Annual Maximum Fee Movement 2021**

1. Introduction

1.1. Thank you for the opportunity to make a written submission on the proposed Annual Maximum Fee Movement (AMFM) rate of 1.1% for 2021.

1.2. Students debt levels in Aotearoa have reached a point of crisis. This year, students watched as total student debt tipped over $16 billion. NZUSA fully supports the Government's decision to propose an AMFM rate in line with inflation. We hope that this will help to slow the speed in which student debt levels continue to rise.

2. Background

2.1. The New Zealand Union of Students' Associations (NZUSA) is the national voice of students in tertiary education. We are proudly owned by students' associations from universities, institutes of technology and polytechnics around the country. We work alongside our partner organisation Te Mana Ākonga (National Māori Tertiary Students' Association) and Tauira Pasifika (National Pasifika Tertiary Students' Association) to fight for a barrier-free education for all.

2.2. NZUSA's members are:

- Auckland University Students' Association (AUSA)
- Students; Association at Universal College of Learning (SAU)
- Lincoln University Students' Association (LUSA)
- Albany Students' Association (ASA)
- Massey University Students' Association (MUSA)
- Massey @ Distance (M@D)
- Massey At Wellington Students' Association (MAWSA)
- Otago University Students' Association (OUSA)
- Students' Association at Wintec (SAWIT)
- Student Connection at Weltec and Whitireia (Student Connection)
- Unitec Student Council (USC)
- Victoria University of Wellington Students' Association (VUWSA)
- Younited Students' Association at Eastern Institute of Technology (Younited)

3. Submission

3.1. Student debt has now exceeded $16 billion, and there are no signs of this slowing down. The majority of student loans are made up of course fees, averaging $9,391 (2019) per year across universities, institutes of technology, polytechnics and wānanga, a figure that continues to increase.[1] It is important to consider that these amounts include part-time and extramural students who may only study one or two papers per year.

3.2. Students graduating with a diploma (level 5-7) are entering the workforce with an average debt of $18,720 (2016), and for students leaving with bachelor's degrees, the have to pay back an average of $31,960 (2016).[2] These figures have significantly increased over the past decade.

3.3. The accessibility and affordability of tertiary education is a concern for all students, both current and prospective. The thought of incurring significant debt can deter secondary school students from furthering their studies entirely, especially those who come from low-socio economic backgrounds.

3.4. Research tells us that one of the leading causes of students leaving study is the cost of tertiary education, with one in five students dropping out of study due to cost.[3] This is a major problem when New Zealand's future doctors, engineers and teachers are leaving their studies as a result of tuition fees.

3.5. As well as the immediate consequences of high course fees such as dropping out of study or not taking up the opportunity to enter tertiary education at all, there is also an expectation among students that a loan will significantly impact their ability to save for retirement, buy a house or travel overseas.

3.6. While in tertiary study, students will often take less papers or be less likely to enter postgraduate study due to the cost of tuition fees. The means students are not reaching their full potential by expanding the scope of their studies or continuing on to further study. Opportunities to further one's learning becomes inaccessible when education costs keep increasing.

3.7. The current Government says that it's committed to issues such as addressing the mental health crisis, increasing the teaching workforce and tackling climate change. In order for these to happen, the tuition fee barrier to tertiary education cannot continue to increase at the rate it has been. Lowering the AMFM rate to 1.1% is a step in the right direction.

[1] Student Loan Scheme Annual Report 2019.
[2] Student Loan Scheme Annual Report 2019.
[3] NZUSA Income and Expenditure Report 2017: http://www.students.org.nz/studentreport

3.8. The reality is that if tuition fees continue to increase at previous rates of 2% or more, we will see less students enter tertiary study, more financial stress leading to drop outs, fewer students taking up postgraduate study and a more significant burden placed on graduates once their study have concluded.

3.9. As stated in the introduction, NZUSA supports the Government's decision to move away from arbitrary AMFM rate decision-making that has seen major fee increases from year to year. By tying the AMFA rate to inflation, the Government will be addressing the affordability of tertiary education.

3.10. In reality, we know that tertiary education providers almost always increase tuition fees to the rate of the annual maximum fee movement. While the difference between a 1.1% and a 2% AMFM rate may seem minor, we know that overtime, it will mean less student debt and better outcomes for students.

> As a student representative, often decisions regarding fee increases feel as though they have already been made before we are consulted. Students are left out of the conversation and are often told that fee increases are a good business decision without taking into account the lived experiences of students when faced with higher tuition fees and larger student loans. By reducing the AMFM, a safeguard is given to students; that if their fees are to increase, which they usually do, it will not be as large of an increase as we've seen in the past.
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> **Isabella Lenihan-Ikin**, National President of the New Zealand Union of Students' Associations.

4. Conclusion

4.1. Over recent years, students have felt the negative impacts of increases to tuition fees. Not only do fee increases affect students, but society as a whole who rely on tertiary-educated graduates to enter the workforce in a range of vital sectors such as health, science and education.

4.2. NZUSA is against any increases to tuition fees that place significant burdens on current students, graduates and prospective students wanting to further their education after secondary school. We beleive the proposed AMFM rate of 1.1%, and in particular, the decision to tie this rate to inflation is an acceptable rate for increasing tuition fees. If the final AMFM rate is to exceed the proposed amount, then the Government will clearly have failed to consider the wellbeing of students and the student debt crisis.

4.3. Finally, it takes courage, commitment and immense risk to spend significant funds to further ones education, and this must be respected by decision makers in the tertiary sector. For every dollar the cost of tertiary education increases, the burden and barriers to students also increase.