



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**

**1. Introduction**

This submission is made on behalf of the Victoria University of Wellington Students' Association (VUWSA). VUWSA is the official representative body of students at Victoria University of Wellington and has been advocating on their behalf since 1899. VUWSA would like to thank the Ministry of Education for the opportunity to submit on the *Education (2012 Annual Maximum Fee Movement) Notice 2011*.

**2. 2012 Annual Maximum Fee Movement**

- a) VUWSA believes that the Annual Maximum Fee Movement (AMFM) for 2011 should be set at 0%.
- b) VUWSA is concerned that the level and cost of rising tuition fees in New Zealand are negatively impacting on individual students, both during the course of their study and following on through increased debt when they graduate.
- c) Tuition fees are a barrier to participation in higher education, including those identified in the *Tertiary Education Strategy 2010-2015*, and are a direct contributor to student loan debt. Any movement on fee policy will have a direct impact on student debt (over \$12 billion), with repercussions for both the individual student and the Government.
- d) VUWSA's position is supported in the Ministry of Education's *Counting the Cost – An Analysis of Domestic Tuition Fees* (2009), which found that:
  - Fee Maxima had resulted in lower fee increases than during 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.
- e) VUWSA's position is further supported by independent research into Victoria University students' perception of study. This study found that:

- 77% of students believe VUWSA should oppose fee-increases;
  - 84% believe the Government should invest more into tertiary education.
- f) Research conducted by the New Zealand Union of Students' Associations, the *Income & Expenditure Survey* (2010), shows the impact fees have on students:
- 70% of students agreed that tuition fees are too high;
  - 1 in 4 students stated that tuition fees had influenced their choice of study.

Of those citing the influence of tuition fees in their choice of study:

- 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;
- 21% stated that fees influenced their choice about which institution to attend.

Of those not continuing their studies in 2011:

- 13% cited an inability to afford to study as the main reason;
  - 6% cited it as another reason they can not study.
- g) It is extremely important that consumer charges like GST must be taken into consideration in any fee increase as they are an additional cost to the increase in fees to students.
- h) It should also be noted that key economists are now stating that the only way to build immunity against inflationary pressures is to cap the costs consumers pay for Government owned investments such as education.
- i) VUWSA opposes the nature of a year-to-year AMFM as it provides no certainty for students about the cost long-term of their education.
- j) There is a risk that some institutions will raise tuition fees by the maximum 4% to maximise revenue which seems contrary to the intent of the AMFM, and attempts at ensuring affordability or accessibility of higher education for students.

#### **4. Annual Maximum Fee Movement Exemptions**

- a) Recent changes around the AMFM have effectively seen the removal of caps on fees, sanctioning annual fee increases. Because of this VUWSA finds it very difficult to justify any potential exemptions to the AMFM.
- b) Where exemptions are considered, VUWSA urges these be limited to less than 4%. Once consumer charges such as GST are included, students could be faced with tuition fee increases of close to 10%. This is in contradiction to the spirit of the AMFM.

#### **5. Conclusion**

- a) VUWSA believes that the 2012 AMFM be set at 0% and that any exceptions be set at less than 4%.
- b) VUWSA urges the Government to seriously consider the impact of already high fees on New Zealand students and wide-community, as well as the positive impact stabilisation of fees can have on access and attainment of tertiary qualifications. One report to consider in this appraisal is the Ministry's own *Counting the Cost – An Analysis of Domestic Tuition Fees*.
- c) 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. Students are also struggling in an environment which is seeing

increasing inflationary pressures on everyday living. Any exceptions granted beyond these rises would be unexpected, unfair and unwarranted.

- d) Thank you for the opportunity to submit on the *Education (2012 Annual Maximum Fee Movement) Notice 2011*.

Yours sincerely

A handwritten signature in cursive script, reading "Seamus Brady". The signature is written in dark ink on a white background.

Seamus Brady

**President**

Victoria University of Wellington Students' Association