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1991: A Student Perspective

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I, Dr Lockwood Smith, MP, hereby pledge to tender my resignation as Minister of Education if the National Party, having become the Government in 1990, has not implemented the majority of the National Party Education Policy as stated in 1990, by the beginning of the 1992 academic year.

In particular, I pledge to tender my resignation if the \$1,250 tertiary tuition fee has not been abolished by this time.

If not the Minister of Education at the beginning of the 1992 academic year, and if the National Government (elected in 1990) has not abolished the \$1,250 tuition fee, I pledge to publicly condemn such a breach of promise.

Lockwood Smith
Opposition Spokesperson on Education
18 July, 1990

The year 1991 initially held much promise. Not only had an Education Minister put his career and political credibility on the line, but in doing so he had also drawn considerable attention to the whole issue of tertiary fees.

Although 1991 was the second year of the standard tertiary tuition fee, the pre-election pledge from the then Opposition Education Spokesman, Dr Lockwood Smith, to scrap tuition fees by 1992 or else resign, gave students good reason to believe that this would be the last year that they would be paying \$1,300 to attend University or Polytechnic.

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Ironically, though the standard tuition fee was to be abolished, the introduction of differential fees means that many of them are now paying substantially more than \$1,300. Whilst it was the last time that this generation of students would pay \$1,300 a year, it was also the last time that an Education Minister would be believed.

In 1990, no doubt much to the horror of his political advisers but much to the delight of students nationwide, Dr Lockwood Smith publicly promised that once elected either fees would go or he would go. He again renewed this promise in February while addressing a meeting of student delegates at NZUSA's February Workshop when he went so far as to say "I assure you that you will be paying substantially less in 1992."

Initially from my position in 1991 as Vice President, and from September as President, of NZUSA, (the New Zealand University Students' Association) potentially much could be gained in ensuring that the Minister kept his word. But even from the outset it was also clear that in keeping to the actual letter of the pledge, it was still possible to break the spirit of the promise by either charging students more, or by devolving the entire responsibility for fee setting to the Universities themselves.

It was equally apparent that the National Government was on a definite drive to reduce spending by shifting the responsibility for the funding of goods and services from the state to the individual. Here however, was an education policy, at least as outlined in National's Manifesto, that stood in stark contrast to the thrust of almost every other National Party promise.

The most glaring anomaly was that National had actually promised to abolish the means-testing component of student allowances. This, in conjunction with the estimated \$86.5 million that would be needed to replace the revenue that tuition fees had brought in, meant that keeping these promises would have been a very expensive exercise. As it transpired, much of that expense will now be carried by students and their parents.

In hindsight it may be easy to say that these promises were never sustainable; that they would always be broken, but the Government did an excellent job of attempting to convince students and the public at

large that National were going to keep their word. In the interim we were just expected to wait.

For the University Students Association, this was most unsatisfactory since it created great uncertainty and presented us with the difficulty of just how to develop a campaign strategy. It was a time when there was much speculation, numerous rumours, frustration, confusion and a complete lack of consultation.

The Government had announced its intention to undertake 17 education reviews, four of them tertiary. Yet student representatives and all other so-called "vested interest" groups were to be excluded from these working parties. Despite the public outcry, these reviews were effectively orchestrated by Treasury officials and members of the State Services Commission behind closed doors. Obtaining any information either about or from these review teams was virtually impossible due to the secrecy surrounding them. As many surmised, the Government were embarking on an exercise with the implicit aim of reducing spending in sectors of the education system.

In addition to being denied any voice on these reviews, what was even worse was that once the reviews were completed, it was impossible to gain access to their findings. Despite having been repeatedly assured that there would be time for public comment and an opportunity to make submissions this did not happen.

Instead the findings of the reviews were essentially kept secret, remaining with the Government. Not only had those people whom the education reviews now affect most directly been shut out from the initial proceedings, they were also denied access to the conclusions. Instead a new "reason" was produced for the delay – "Budget Secrecy."

Budget Secrecy became the catch phrase of the National Government in 1991. It was one of the most convenient yet insubstantial excuses for denying people access to information on a whole spectrum of issues, many of which had little or nothing to do with the Budget. The term did, however, conjure up a well-founded fear that if simple, innocuous pieces of information were being withheld then major reforms were underway.

One such example was the repeated attempt to gain information from the Minister of Education about Study Right. Study Right was

essentially the backbone of the Government's tertiary education policy. Although it was loosely outlined in National's pre-election Manifesto, it lacked specific detail. The basic tenets had originally guaranteed school-leavers "one free degree" or four years of tertiary education. In essence it was largely derivative of Finance Minister Ruth Richardson's old voucher system. In reality you could be excused for thinking that it had been dreamt up while someone was sitting in the bath.

The policy seemed very arbitrary and there was much uncertainty as to how it was actually meant to work. Why school-leavers? What about mature students? What about longer degrees like Medicine or Dentistry or co-joint degrees? What about post-graduate students? What if you failed? What happened once your Study Right ran out? All these questions and more remained unanswered. It was not surprising therefore that everyone sought clarification about the cutoff point for Study Right, and at what stage a student's entitlement to a free degree would cease before they entered the unhappy and expensive world of the mature student.

In failing even to divulge at what stage a student was to be classified as mature, it quickly became a standard joke that mature students were a "Budget Secret". Yet beneath this was a strong feeling of frustration as to how, in the interim, students associations could keep their members informed and politicised when they themselves lacked any concrete detail or answers to these questions.

Undoubtedly one of the fundamental strengths of our campaign against increased tuition fees and reductions in student allowances was the interest of the media in the education debate.

Tertiary education was one of the few areas to emerge temporarily unscathed from the Government's December 19 Social and Economic Initiatives the previous year. In addition, prior to the election, the National Party had made much of their plans for a Decent Society and their commitments to law and order, superannuation and in particular to educating, upskilling and retraining New Zealanders. National had also put tremendous emphasis on an honest and open style of government – the politics of inclusion. Not surprising therefore, that in all areas, the National Party were seen as laying down a challenge to be kept true to their word. A challenge which the media delighted in

taking up. As it turned out the media have barely managed to keep pace in monitoring reaction to the subsequent series of Government U-turns.

Concurrent with the Government's reluctance to engender public debate on controversial issues has been the discernible increase in the media's willingness to act as interpreters and analysts of policy developments. Rather than simply relaying the facts, the role of the media appears to have expanded in order to decipher the political platitudes and expose the rhetoric. The emergence of forums for discussion on television for example, "The Ralston Group", "Frontline" and "Perigo" has also enabled the greater accountability of public figures. More significantly it has opened up the way for other perspectives to enter the debate. Nowhere is this more evident than in the upsurge in people listening to and participating in talkback radio.

The University Students Association and constituent campuses found themselves ideally positioned to monitor and critique the Government's inability to deliver on its tertiary education policy.

Our campaign was set against the background of growing public disquiet at the introduction of user-charges for services such as education, which previously had been state provided. There was overwhelming public preference for an increase in taxation rather than a system of means testing aimed at targeting personal income. This was evidenced in the June Heylen Poll which reinforced the findings of a Massey University study in 1989, showing that the majority of New Zealanders wanted to see more Government spending on education and health, even if this did result in increased taxes.

Despite the increasing pressure on students both academically and financially, there was an unprecedented level of student activism. At the core of the campaign were a group of hardworking individuals on each campus who were committed to ensuring that education remained accessible and affordable for all. People who believed that academic merit, not financial ability, should be the sole criterion in determining access to university.

The result was that student protest was probably as prolific as it had ever been. It manifested itself in the form of protests, marches, stunts, forums and rallies. Tertiary students around the country hit the streets in their thousands on July 17 as part of a nationwide day of action

involving marches and rallies in each of the University centres. In the capital an estimated 4,000 students turned out to protest, just under half of Victoria University's student population.

The success of this day was equal to the high turnout experienced on a similar day of activism in term one. In the first term staff and students from tertiary institutions nationwide joined forces in a display of solidarity in opposition to increased tuition fees, and at possible moves to sell off universities.

A number of campaign resources were also produced throughout the year for campuses to try and explain to students how Study Right could be expected to work. Although the original policy had stated that the first four years of tertiary study would be free, it was widely felt that there would be a backdown on the four year entitlement. The Education Minister did however remain resolute that school-leavers would be eligible for Study Right. This indicated (correctly) that a distinction would be made between those students who were school-leavers and those who were not. A case of sorting the sheep out from the goats. This division was one that many were quick to pick up on.

Though students had repeatedly been promised the abolition of the then present fees regime, there had been no such guarantee that institutions themselves would not charge students fees of their own, particularly if universities and polytechnics were not compensated for the loss in fees revenue.

As a piece of political manoeuvring it was a clever manipulation of the Minister's original pledge to insist that he would abolish *Labour's* fees. What we all saw, was that Labour's fees would simply be replaced by Lockwood's fees – fees which in reality would become the responsibility of tertiary institutions not the Government.

Although not the only architect of National's education policies, Education Minister Lockwood Smith was seen by the majority of students as the person who should be held directly responsible for the changes which would leave many students worse off in 1992.

Whenever the Minister ventured onto campus he was immediately surrounded by crowds of angry, frustrated placard waving students demanding answers to their numerous questions about how his intended policies would affect them. The Minister's relationship with

students nationwide deteriorated to such an extent that he came increasingly to look like a man under siege.

One of the most frustrating aspects in dealing with the Minister of Education and the Government's tertiary education policy for students and student leaders, was the drip feeding of information throughout the year. This protracted process meant it was continually difficult and confusing for students to be kept informed. Similarly, by deliberately timing key announcements to coincide with students' academic commitments the Government made it very difficult for students to hit back.

If students had been vociferous in their protests before the Budget, they had even more to say once the Budget was finally unveiled.

Never before had there been so much hype surrounding a Budget. Not only was the entire reading of the Budget televised, but the Finance Minister had repeatedly billed it as "The Mother of all Budgets". In addition, NZUSA and a number of representatives from other parts of the education sector were invited to a special Education Lockup. Never having been to a lockup before it was difficult to know what to expect but the tension and uncertainty that hung in the air struck me as remarkably reminiscent of expectant candidates entering an examination room. The mood was completed with the handout of a large supplementary Budget booklet on education and the requirement to remain in the room for the next three hours!

A cursory glance at the tertiary section confirmed our worst fears. Study Right was available for 3 years. Mature students defined as those who were 22 years and over. Parental targeting on student allowances up to the age of 25. The abolition of the standard tuition fee but the introduction of differential fees, that is, a range of tuition fees depending on your course of study, and a student loan scheme. In short the Budget brought together all the policies that students had been opposing for the last 6 years.

Once the televised reading of the Budget was over the Minister of Education outlined the key changes within Vote: Education and attempted to answer questions. But it was not until afterwards when we had actually looked at the policy in detail and done a number of calculations that the true impact was realised.

What emerged was that the Government had in fact taken in excess of \$140 million away from tertiary student allowances, cutting expenditure by approximately a third. The extension of the means testing on student allowances from age 20 up to 25 means that in 1992 a projected massive 60-70% of students will lose some or all of their allowances. In addition the transport allowance, transport supplement, and universal components were abolished thus making the weekly income a student would receive wholly dependent on how much their parents earned, regardless of whether their parents supported them or not. For many students this move above all others spelt disaster. Not only will some people now receive absolutely nothing, but it also required previously independent students in their mid-twenties to be reclassified as financially dependent on their parents.

To make things even worse, allowances for all students under the age of 25 were to be reduced by around \$6 per week, in line with the new rates for the Unemployment Benefit.

The guidelines proposed for setting tuition fees through the implementation of Study Right required an equal amount of scrutiny. The intention of the Study Right policy was that those students who were eligible, that is who were enrolled in a tertiary course before their 22nd birthday, would pay lower fees since they would attract a higher level of Government subsidy than other students. The shortfall in funding was then expected to be passed on to each student.

There was also strong pressure for institutions to adopt a system of differential fees similar to those advocated in the Budget. Under this system, those students doing more expensive courses such as Dentistry and Medicine were expected to pay more than students whose courses fell into lower course cost categories such as Law or Commerce.

Not only were there obvious administrative complexities with such a scheme, it was also highly educationally unsound. The remodelled Study Right discriminates against students not only on the basis of age, but also on the type of course chosen and its length. Because Study Right is only available for three years, there is little or no incentive to embark on longer degrees or post-graduate study.

The ultimate responsibility for fee setting thus lay with the institutions themselves. Since Dr Smith had repeatedly stated that he

had no wish to intervene in the fee setting process, there was the glimmer of hope that if students could bring enough pressure to bear on institutions it might be possible to mitigate the more draconian aspects of the Study Right policy. This relied on the Minister's keeping his word, which thankfully he did.

In particular students took issue with the arbitrary way in which those who began studying after they were 22 years of age were expected to pay three times more than those under 22 when they started their study. There was also much concern among honours students and those in courses of four years duration or more.

Sensing that there would be strong student support for institutions to abandon Study Right, students associations held referendums and initiated an information campaign. The aim was to gauge student opinion on the option of cost-equalisation – a proposal whereby all students would pay one flat averaged fee. The referendums showed that there was overwhelming student support for a flat fee. This conclusive result was instrumental in convincing three University Councils, Auckland, Waikato and Canterbury, to adopt a standardised fee for their students. At the remaining four universities a system of differential fees was implemented but in a watered down form.

Given the tight time frame in which students had to work canvassing student opinion and lobbying Council members, only weeks before exams, the rate of success was considered quite an achievement. It was unfortunate however that the conservatism of Council members on some campuses was greater than their commitment to maintaining equity in tertiary education. What did seem particularly ironic was that these people would no doubt be the very first to defend academic freedom and institutional autonomy, yet they so quickly succumbed to political pressure.

The way in which the Government had given to students with one hand in the Budget and then taken away again with the other, meant a number of students would be left up to \$5,000 worse off in 1992. It was for this reason as well as to temper the political backlash that a student loans scheme was also announced in the Budget, essentially to enable students to borrow back the money that many had lost in allowances.

If the information flow to students had been handled badly in the past, on the issue of student loans the Government's record was truly appalling. Again details were scant, incomplete and much delayed. In addition the final package was announced in two halves.

At the first briefing, student leaders were simply informed about the extent to which students would be able to borrow. This made it impossible to critique the policy since the vital details such as the rate of interest, the repayment schedule and the administration of the scheme were still missing. The only consolation was that the Government had opted for a state run scheme administered through the Inland Revenue Department rather than a commercially operated bank based facility. In the interim, NZUSA responded by greeting the announcements cautiously. Since the loan scheme was still in its formative stages, the rest of the package could still prove to be very severe and hence unacceptable. Because students had essentially been caught between a rock and a hard place, the loan scheme was seen as a necessary evil but it certainly was never actively sought.

Recent research commissioned by NZUSA showed that many students were already substantially in debt. By mid July the average level of a student's overdraft was \$1674. In addition, two thirds of those surveyed stated that they were uncomfortable with their present level of debt and would be reluctant to borrow more. These figures cast doubt on claims that the Government's loan scheme would ensure tertiary education remained affordable.

A universal system of student allowance still remains a much fairer way of assisting students through tertiary study.

When the details were finally released on November 2 it was a full three months after the Budget and the delay had again created considerable stress and anxiety for students. Many were now either sitting exams or were no longer on campus. For others the wait had simply been too long. Unable to plan properly for the forthcoming academic year, some students had had no alternative but to leave and look for full time employment instead. The final details of the scheme were certainly nothing to look forward to.

The repayment threshold of \$12,670 was ridiculously low, falling even below the minimum wage. It was certainly well below the average

New Zealand wage of \$27,970 which NZUSA had been pushing for. The decision to insist on the repayment of a student loan when a person could conceivably still be receiving a welfare benefit completely contradicted the argument that tertiary education leads students to higher lifetime earnings.

The surcharge of an additional 10 cents in the dollar for every dollar earned over the threshold was equally harsh, effectively lifting tax rates to 34 cents and 43 cents in the dollar. Someone earning just on \$20,000 p.a. would have to repay approximately \$733 a year on top of their annual tax bill. As well an administrative charge of \$50 per year was to be charged to activate the loan. This was audacious. Students had been forced into this position by the Government who were then charging students for the privilege of borrowing back their former entitlements!

The student loan scheme will inevitably prove to be a millstone around the necks of both the Government and students. For the Government, privatisation is always an option, but for students there is no easy way out. It will be possible to incur debts of \$15,000 - \$20,000 and remain burdened with them for the majority of one's working life. Education debts in addition to all the other debts will put a severe drain on people trying to buy a home, start a family or set themselves up in business.

Undoubtedly those entering the professions will simply opt to pass the cost of servicing their debt onto the public in the form of higher professional charges. Alternatively to avoid repayment many students will probably go overseas. Many others may find it too expensive to come at all. It would simply have been easier and less expensive to fund education through a more progressive tax system.

Overall 1991 was a highly stressful and difficult year for tertiary students. It was a year in which a number of fundamental changes were announced in the area of tertiary education with little or no consultation and a year when student protest generated more headlines than student parties.

If those involved in the education system are to prepare strategies to cope with the inevitable policy upheavals, it is necessary to move beyond this point and attempt to see education in its broader perspective.

For New Zealand to compete effectively in the international marketplace the country is dependent upon the health of the tradeable sector. A vital part of the performance of that sector is the skills of our workforce and the country's investment in them. No longer is there any guarantee that skills and qualifications obtained now will not become obsolete in the future.

At a time of high unemployment Study Right in its ageist outlook discriminates against and fails to accommodate the many people needing to retrain in order to get work. Instead what is required is an education policy that encourages and stimulates all of us to adapt and diversify, not a system that attempts to streamline everyone according to age or course length.

Students need to be entrusted with the maturity and responsibility to make these decisions for themselves rather than deliberately hindered through inadequate lines of communication and hidden political agendas. They should not be treated simply as adjuncts of their parents.

At the end of 1991 an estimated 56,000 New Zealanders left school looking for employment or further education and training. The future of the education system that many of them entered must remain a priority of this nation. Policies need to accommodate a long-term vision, not be haphazardly assembled in a disparate jumble.

But ultimately, it is the responsibility of all the participants in the education system – students, lecturers, student politicians and members of the general public to maintain a system of checks and balances and insist that education funding remain a Government priority.

The author

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