

Sour side to Labour's student policy

“Scratch the surface and you will uncover a policy that cannot be successfully implemented without destabilising our economy through the sheer cost of implementing such a “good” policy.” - Brad Heap

Many tertiary students are licking their lips at the Labour Party's student loan interest write-off lolly. But not me. No. I don't like the sour aniseed centre.

On the surface, Labour's student policy appears to be very appealing. No interest on student loans, capped fees, more access to student allowances, more scholarships. Who could turn down an offer as good as that?

However, scratch the surface and you will uncover a policy that cannot be successfully implemented without destabilising our economy through the sheer cost of implementing such a “good” policy. You see, as always, the problem is with what Labour is not telling you.

New Zealand cannot afford to wipe the interest off all student loans. Labour would like you to think that it “estimates” the cost to be around \$300 million per annum to wipe interest. However, economists are warning that the cost could be much closer to \$1 billion per annum. Put it this way: it would cost each New Zealander \$250 a year just to cover the cost and this doesn't include inflation.

Unlike Labour's attempt to bankrupt the country, some other political parties are offering to cap the interest at the consumer price index, which is essentially no interest except for inflation.

If Labour were genuinely interested in students and not just their vote, then

their student loan calculator wouldn't lie. It has been proven that the calculator on the Labour website is producing on average a 30 per cent higher savings estimate than other calculators, and in some cases up to 50 per cent. Trevor Mallard stated that the calculator “needed some fine-tuning”. Results that are so extremely different from other calculators that it appears it will need a little more than “fine-tuning”.

By spending money to wipe student loan interest Labour is removing even more funding from universities. Currently university fees are around 70 per cent subsidised by the Government. This

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would decrease if the money was spent instead on reducing interest. As a result it would cause fees to rise. So much for a decrease in loan payment time if you end up borrowing more.

To counter this Labour has carefully planned to cap course fees. Great idea. *Not.* Capping course fees leads to two possible outcomes. One, fees will increase anyway. This is what is currently happening as there is a loophole in the law that allows universities to raise fees with permission from the Government. Or, two, the quality of the courses

taught will substantially decrease as the economy rises with inflation and there is less money to pay for course material. Lecturers are already being paid peanuts. If fees are really capped and the Government doesn't increase its subsidy, lecturers will be paid breadcrumbs.

Labour also boldly proclaims that they will progressively increase parental income thresholds so that at least half of all fulltime students will receive a student allowance. When will Labour realise that almost all students are not funded by their parents? How about focussing on the students who really need money to live on, not students with the best family accountants.

Trevor Mallard claims “Labour has delivered much for students in the last six years”. I agree with him. Higher fees, making the Independent

Circumstances Allowance less accessible, causing less students to qualify for a student allowance, and student loan debt doubling is a lot. Good on you mate, I applaud your great efforts to make student life just that little bit harder.

If Labour really want to stay in power they should proclaim their true agenda. What further controversial bills does Tim Barnett have down his pants. What is Labour really going to do with student debt? After all Labour has stated that student loan interest write off is only party, not Government, policy.