

**Submission**

Of the

**Otago University Students’ Association**

on the

**Tertiary Fee Regulation Settings for 2025**

To the

**Ministry of Tertiary Education and Skills**

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| To: | Minister of Tertiary Education and Skills |
| From: | Otago University Students’ Association (OUSA) |
| Date | 24/07/2024 |
| Subject | Tertiary Fee Regulation Settings for 2025 |

**Introduction**

The Otago University Students Association (OUSA) represents over 19,000 tauira at the University of Otago. We are committed to advocating for affordable, accessible, and high-quality education for all students. We strongly oppose the Government's proposed 6% increase in student fees, which we believe will have detrimental effects on students, their families, and the broader community.

**Financial Burden on Students**

The proposed fee increase will significantly exacerbate the financial burden on students. New Zealand already faces high living costs, and students are struggling to make ends meet. Overburdening students with debt risks entrenching structural financial burdens on those typically just trying to get started in New Zealand today.

Increasing fees by 6% will:

1. **Impact on Current Students:** We would expect that current students, in the face of the rising cost of living, will be put under further financial strain by an increase in fees. This will put students in a situation where they are forced to choose between fees, rents, groceries or power. Like everyone, students are doing it tough but raising fees is not a sustainable solution.
2. **Impact Prospective Students:** It is obvious that as the cost of tertiary education rises students who were considering study will be deterred by the significant costs. However, there is concern that as fees rise students will be driven away. This would threaten the viability of the entire tertiary sector.
3. **Impact Upcoming Graduates**: Raising fees simply raises the height of another hurdle young people must overcome while saving up for a home loan, the cost of childcare and beginning to consider saving for retirement.
4. **Encourage Graduates Overseas:** We would expect that increasing the cost of study would drive graduates overseas following the higher wages needed to pay off their student loan debt. This will only further strain the ongoing “brain drain” of skilled employees leaving New Zealand for greener pastures overseas. This will further exacerbate the existing labour shortages of nurses, midwives, teachers, engineers and doctors in New Zealand.
5. **Restrict Access to Education**: High costs to higher education already act as a barrier to many prospective students. Further increasing fees will only further alienate those people who would make fantastic students and stellar contributions to their communities but simply cannot afford fees.
6. **Impact Wellbeing**: Financial stress is one of the most significant contributors to mental health issues among students. The fear of accumulating debt and the struggle to meet financial obligations can lead to anxiety, depression, and other mental health disorders. Students under financial strain are more likely to experience feelings of hopelessness and helplessness, which can severely impact their academic performance and overall quality of life.

**Impact on the Quality of Education**

While the government may argue that increased fees are necessary to maintain the quality of education, there are better ways to achieve this goal. Higher fees do not necessarily translate to better education outcomes. Instead, they place additional pressure on students and can lead to:

1. **Reduced Diversity**: The financial barriers created by higher fees will disproportionately affect underrepresented and marginalized groups, reducing the diversity of the student body and enriching the educational experience for all students. We are particularly concerned of the impact of increased fees on students of lower-socio economic backgrounds, Māori and Pasifika students who are more likely to experience financial difficulties and students with disabilities who already have higher costs of study.
2. **Increased Pressure to Work**: Many students will need to increase their working hours to afford higher fees, which can detract from their academic focus and performance.

**Recommendations**

The OUSA urges the National Government to consider alternative solutions that do not place onerous financial strains on students. These solutions include:

**A Happy Middle:**

1. **Increased Fees:** We acknowledge that a rise in student fees is an inevitability, however, we question the necessity of a six percent increase. We believe this does not reflect the nature of tertiary education as a public good for all of society. We *recommend a 3-5% fee maximum increase* for student fees to keep up with inflation and allow additional funding to bridge the gap between previous fees increases that did not keep up with inflation.
2. **Increased Government Funding**: Investing more in tertiary education through government funding can help maintain and improve the quality of education without burdening students with higher fees. A 2019 study demonstrated that New Zealand spends 23.5% less than the OECD average on tertiary education. As the massive deficits of 2023 have demonstrated, the current funding model fails to sufficiently support tertiary institutions. *We recommend that the government pursue a substantial increase in funding to the tertiary sector* to both stave off short-term shortfall and support the future of the tertiary sector.
3. **Cost Efficiency Measures**: *We recommend Universities should be encouraged to implement cost-saving measures that do not compromise the quality and diversity of education*. However, we acknowledge much of this work has been done or is ongoing at many tertiary institutions.

**Conclusion**

The OUSA firmly believes that education is a public good that should be accessible to all, regardless of financial background. The proposed 6% increase in student fees is a step in the wrong direction and will have lasting negative impacts on students and society. We urge the Government to reconsider this proposal and work collaboratively with students, universities, and other stakeholders to find sustainable and equitable solutions for funding higher education in New Zealand.

**We appreciate your consideration of our submission and are available for further discussion and consultation on this critical issue.**

**Sincerely,**

Otago University Students’ Association