

Labour Party makes empty promises to New Zealand students

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New Zealand Labour Party leader Andrew Little announced on August 10 that a Labour-led government would consider partly writing off student loan debt for tertiary graduates who fill certain public service jobs, such as teaching in areas outside the main cities.

Little told Victoria University of Wellington student radio station Salient FM that Labour had no “particular promise to make” but was “looking at ways we can assist students to effectively write-off at least a part of that student debt.” The country’s regions had difficulty recruiting graduates, he said, “so it’s about matching solutions to those particular problems.”

Little’s announcement follows Labour’s pledge in January to eventually offer three years of free university or polytech courses or trade apprenticeships. In February, Little described student debt as a “burden strangling the future of our young people” and harming the economy.

Labour, however, shares the National Party government’s austerity agenda. It agrees that working people must bear the cost of the continuing economic crisis that began in 2008. This has included thousands of public sector job cuts, attacks on welfare recipients, an increase in the regressive Goods and Services Tax, and underfunding of health and education.

Even if implemented, both Labour’s tertiary education proposals are limited. They would do virtually nothing to reduce student debt, which this year reached a total of around \$15 billion owed by 728,000 people, more than one in five adults. The average loan balance is \$20,371, up from \$14,246 in 2004. For many, tuition debt is preventing access to a home loan or starting a family.

None of the 180,000 current students would be eligible for Labour’s “free” education policy. The policy would only be fully implemented in nine years’

time and apply to people who have not studied previously. Many who qualify would still have to borrow for living costs, which make up a large part of student debt. Those studying courses longer than three years, such as medicine and law, and all postgraduate courses, would still pay fees.

Labour’s suggestion that it would “wipe” some student debt for graduates who take public sector jobs outside the main cities would, at best, assist a tiny handful of graduates. Little refused to say how many people would benefit, telling Radio LIVE, “specific numbers are going to depend on what we think we can afford.”

A similar “voluntary bonding” scheme introduced by National in 2009 offered payments of \$3,500 per year, for up to five years, for graduates who took medical, teaching or veterinary jobs in hard-to-staff areas. As of this February, only 1,099 healthcare workers and 620 teachers had received payments through the scheme.

There are few well-paid, secure jobs in regional towns, which have been decimated by factory and sawmill closures, ballooning farm debt and the shutdown of industries such as coal mining. According to the 2013 census, Gisborne, Wairoa, Rotorua, Ruapehu, Whanganui, the West Coast, Northland and Kawerau all have declining populations. While Little claims to want to attract new teachers to regional areas, the 1999–2008 Labour government closed more than 200 schools, mainly in rural communities.

The Green Party hailed Little’s proposal, with co-leader Metiria Turei telling Fairfax Media it would reduce graduates’ debt and “grow jobs in the regions.” The Greens hope to become a coalition partner in a future Labour-led government. Over the past decade, the party has ceased to campaign for free tertiary education, as it has shifted ever further to the right.

Notably absent from Little's comments to the media was any acknowledgement of Labour's responsibility for the present situation. The 1984–1990 Lange-Douglas Labour government carried out a free market restructuring of the economy, resulting in an endless onslaught on public education. In 1989, Labour shifted public education onto a market basis with the imposition of the first fees.

Under successive governments, funding cuts have forced university administrations to raise fees and seek business sponsorship. In 1991, the National Party government introduced the student loan system and allowed tertiary institutions to set their own level of fees. This saw fees rise by an average 13 percent during the 1990s, while government funding fell from nearly three-quarters of operating revenue to 50 percent.

Students and young people should recall the record of the 1999–2008 Labour government of Helen Clark. Before the 1999 election, Labour promised to increase the affordability of tertiary education. Once in office, it kept the student loan system intact. In 2000, when total student loan indebtedness was \$3 billion, students protested against the Labour government's broken promises and demanded free education. Labour introduced interest-free student loans in a cynical election ploy in 2005, but this policy did not stop debt from increasing. By 2008, total debt had reached \$10 billion.

The National Party government has carried out further attacks, including cuts to student allowances, which are available only to a small number of students. It has increased the loan repayment rate from 10 to 12 percent of a graduate's income, and imposed restrictions on how much students can borrow.

Most students are living in poverty. A recent Child Poverty Action Group report said the average student rent in Auckland was \$218 a week in 2014. The maximum student allowance is \$210 and the maximum someone can borrow for living costs is \$176. Many students live in substandard or overcrowded conditions. The number suffering from mental health problems soared between 2009 and 2014, with universities reporting a 24 percent increase in the demand for counselling.

The government passed draconian legislation in 2014 allowing police to arrest people who defaulted on student loan repayments. More than 110,000 borrowers

live overseas, and almost 70 percent have defaulted, so they could be detained if they return to New Zealand. So far, two people have been arrested at the border. Labour voted against the legislation but has not opposed the arrests.

Labour and National are both parties of big business. If Labour returns to office it will deepen the attacks on students and on the living standards of the working class as a whole. The struggle for the right to free public education for all must be guided by a socialist perspective, based on meeting the social needs of the majority, not the private profit interests of the wealthy elite.



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