



nzmsa

New Zealand Medical Students' Association

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Submission on Budget Policy Statement 2018

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www.nzmsa.org.nz

Monday, 15th January 2018

Re: Submission on Budget Policy Statement 2018

To the Finance and Expenditure Committee,

This submission is from NZMSA (New Zealand Medical Students' Association) and Te Oranga (Maori Medical Students' Association).

We wish to appear before the committee to speak to our submission.

We can be contacted at:

NZMSA - president@nzmsa.org.nz or 0278190142

Te Oranga - tumuake@gmail.com or 0275121993

We wish that the following also appear in support of our submission:

Chayce Glass - Tumuaki (President) Te Oranga

Jibi Kunnethedam - President NZMSA

Ajda Arsan - Vice President External NZMSA

EXECUTIVE SUMMARY

NZMSA and Te Oranga have reviewed the Budget Policy Statement 2018. We note that to date, there is no mention of budget allowances for the removal of the equivalent full time study (EFTS) lifetime limit on student loan borrowing policy that is currently in place. As per Labour's pre-election Education policy, we wish to seek confirmation that this cap will be removed in 2018 and recommend the committee oversee that this is afforded for in the Budget 2018.

Te Oranga and NZMSA are of the position that the EFTS cap policy should be removed for long-length programmes such as the Bachelor of Medicine and Surgery. Currently, medical students are able to access up to 8EFTS of student loan and student allowance through StudyLink. However, given medical school alone requires 5EFTS, this means any student who has completed a previous honours, masters, doctorate or foundation/bridging programme alongside a Bachelor's Degree prior to entering medical school will not have access to student loans for one or more years of their study. We have surveyed our members and believe there are 142 students who will be left short by the student loan cap (data appended).

Many students are facing dropping out of medical school due to a lack of financial resources to fund their remaining studies. Private banks have already outlined that it is unlikely they would be able to lend the required \$15,000/year for student's studies let alone living costs. With these barriers to graduating in place, some students have resorted to GiveALittle pages in order to afford their education. As per our survey data, the 8EFTS policy disproportionately affects students from lower socioeconomic backgrounds, Maori and Rural medical students. Not only is this an issue of equitable access to education, it undermines many of the programmes in place to increase the diversity of medical school and thereby the wider healthcare system. We believe this is an unacceptable state of affairs and that the current government, with the 2018 Budget, can do better.

SUBMISSION

We wish to make the following comments on the Budget Policy Statement 2018:

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- 1. Te Oranga and NZMSA have reviewed the Budget Policy Statement 2018, released by Hon. Grant Robertson on 14-Dec-2018.**
 - 1.1. We note that this policy statement outlines the fiscal impact of the Governments 100 Day Plan
 - 1.2. We note that the Government, utilising Treasury's *Half Year Fiscal Update*, has shown the forecast expenditure of the new tertiary education package \$342,000,000.
 - 1.3. Our interpretation of this new expenditure is to account for Government policy on:
 - 1.3.1. The first year of post-secondary education or training will becoming fees free from 1 January 2018
 - 1.3.2. Student allowances and living cost loans will increasing by \$50 a week from 1 January 2018

- 2. Te Oranga and NZMSA wish to raise our concerns that the Budget Policy Statement 2018 does not include costings for the removal of the lifetime limit on student loan caps.**
 - 2.1. We note that the Labour Party, as part of its pre-election Education policy, were committed to restoring the eligibility of students in long courses, such as medicine, to access student allowances or loans beyond seven years full-time equivalent study.
 - 2.2. We received written support from New Zealand First, in their pre-election campaign, of support in removing the limit on student loan lending for the medical course
 - 2.3. We received verbal support from the Green Party of Aotearoa New Zealand, in their pre-election campaign, of support in removing the limit on student loan lending for the medical course

- 3. The EFTS cap is an equity issue and perpetuates further disparities in fair access to higher education.**
 - 3.1. Disproportionately affects students from low socioeconomic backgrounds
 - 3.2. Disproportionately affects Maori and Rural medical students
 - 3.3. Will have detrimental effects on the proportional demographics (ethnicity, socioeconomic status, and geographical origin) of the medical student cohort in Aotearoa New Zealand.
 - 3.3.1. This undermines existing Government efforts and university programmes designed to diversify the healthcare profession to meet the needs of our diverse population.

- 4. Te Oranga and NZMSA, both strongly believe that the lifetime limit on student loan lending needs to be lifted for long courses.**
 - 4.1. Currently, at least 142 medical students who have gained entry into medical school via the post-graduate entry pathway are unable to use the Student Loan Scheme for their final years of medical education.
 - 4.2. Private banks will not provide substantial loans without a guarantor.
 - 4.2.1. This is inherently discriminatory against students from low socioeconomic backgrounds.

- 4.2.2. If, and where private funding is available, it creates an unfair financial burden on students and whanau.
- 4.3. Many students are facing the prospects of dropping out of study due to lack of financial resources.
 - 4.3.1. Students are left with large student debt without the expected future employment prospects of paying it off.
 - 4.3.2. This is an inefficient use of taxpayer dollars already made in the investment in their studies to date.

We wish to make the following recommendations to the committee:

1. We recommend the committee ensure costings for the removal of the lifetime limit on student loan lending for long length programmes are included in the Budget 2018.