



# **Submission**

of the

**NEW ZEALAND NURSES ORGANISATION**

to the

**Ministry of Education**

on

**Student Support in New Zealand**

November 2003

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## **1.0 INTRODUCTION**

- 1.1 The New Zealand Nurses Organisation (NZNO) representing over 34,000 nurses, midwives, students, caregivers and other health professionals is the largest organisation of nurses and health workers in New Zealand. Among its membership are over 2500 nursing students.
- 1.2 NZNO welcomes the opportunity to comment comprehensively on student support needs, including the student loan scheme. NZNO is increasingly concerned about the effects of the student loan scheme on nursing students and the inequities of the student allowance system.
- 1.3 The long term effects and full implications of the student loan scheme are now apparent. Despite the growing number of reports about the detrimental and unexpected effects from the scheme there has been no in-depth study of the current and future implications of the student loan scheme on New Zealand citizens, society and the economy.

## **2.0 STUDENT LOANS AND RESEARCH**

- 2.1 In June this year NZNO, in collaboration with the New Zealand University Students Association (NZUSA), published a study examining the impact of student loans on 376 nursing students. The findings from that study are disturbing.
- 2.2 The key findings were:
  - Nursing students have an average loan of \$ 19,294 at graduation
  - Over 60 percent of nurses have considered going overseas because of their student loan
  - 22 percent of respondent nurses considered leaving nursing because of their student loan
  - 72 percent of respondents said their loan caused them stress
  - 69 percent said their loan had influenced their decision to undertake further study
  - 26 percent of respondents said their loan affected their ability to provide for their children.

- 2.3 Despite this being the first intensive study on nurses with student loans, there have been no formal opportunities or invitations to dialogue with officials or Government Ministers on this study and its findings. The lack of any engagement by Government with us, and our collaborative partner in this research, the University Student Association, has been a major disappointment.

### **3.0 NZNO POSITION**

- 3.1 NZNO believes that student loans should be eliminated on the basis that we support the provision of fully funded public tertiary education. The student loan scheme, introduced to New Zealand by the National Government in 1992, represents the continuation of individualistic neo-liberal policy and thinking. The student loan scheme is based on the concept of education as a private good and a marketable commodity. These neo-liberal policies created deep inequity and social and economic injustice in New Zealand during the late 1980s and 1990s.
- 3.2 NZNO wants a major review of the student loan scheme with consideration of the social impact of the scheme, and from the basis that education and health are public goods necessary for the well being and foundations of a decent and fair society.
- 3.3 NZNO recognizes that some changes have been made to the student loan scheme and that the removal of interests on loans, and changes to the repayment schemes and removal of interest for those studying fulltime, have made repayments easier for some. But the changes made have not been extensive enough and the student loan scheme remains the basis of the funding of tertiary education.
- 3.4 NZNO believes that a more radical review of the student loan scheme is required than the recommendations proffered in the discussion document.

### **4.0 EDUCATION AND HEALTH – PUBLIC GOODS**

- 4.1 NZNO supports the principle of free universal tertiary education on the basis that the ability to access education should be available to all and not be on the basis of income or wealth.
- 4.2 NZNO believes that health and education are public goods. The belief that education and health are private goods and that the market can distribute these appropriately is not a philosophy embraced by NZNO. NZNO believes that health and education are public goods, that can not be treated as private commodities.

## **5.0 STUDENT LOANS AND THE NURSING SHORTAGE**

- 5.1 The NZNO and NZUSA research confirmed that the current nursing shortage in New Zealand is strongly linked to student loans. Newly graduated nurses indicated that decisions to go overseas, to have children and whether or not to pursue further study are based on concerns relating to student loan repayments.
- 5.2 While other areas in tertiary education have increased their student enrollments, the rolls in undergraduate nursing education have fallen. Nursing graduate numbers have also fallen in the last five years.
- 5.3 A major factor believed to be behind falling nursing student numbers is the low comparative salary that nurses commence on when they enter the workforce. Many nurses enter the workforce with an amount of student debt equivalent to their commencement income.
- 5.4 An equally disturbing effect of student loans is the likelihood that high fees, study costs and student loans will result in the nursing workforce being less representative of all social strata and ethnic groups in society. The financial necessity of loans to attend tertiary education makes university and tertiary education likely to be seen as inaccessible to disadvantaged social groups and results in the nursing graduate workforce not being fully representative of society.
- 5.5 In particular we are very concerned about a lesser representation from low-income groups, Maori and Pacific Island people and other ethnic groups. These persons may see student costs and fees as major barriers to accessing tertiary education. This has serious consequences for New Zealand society and the health system.

## **6.0 AN UNFAIR IMPACT ON WOMEN**

- 6.1 The impact of student loans on women is particularly profound given that approximately 90 percent of nursing students are women.
- 6.2 Nursing remains a predominantly female profession. The impact of student loans are felt more, and for longer, by women. Women, because of breaks from the workforce, take longer to repay student loans. Additionally, in nursing, there is a very large workforce working part time that increases repayment times.
- 6.3 Debt remains a lifetime issue and particularly burdensome on women who have broken employment patterns because of child care responsibilities. Combined with this, is that nurses enter employment

on low wages compared with other tertiary trained professionals - \$32,000 is the average starting wage.

- 6.4 Many nursing students commence nursing training in their mid-life, meaning that they are straddled with debt for their remaining working lives. Another very concerning report is that nursing students are delaying having children because of worries about student loans.
- 6.5 The comment from an NZNO student member discussing the student loan scheme in the recommendations of the discussion document demonstrates these concerns:

*“One young student of 24 is currently pregnant with her first child, she is currently facing a debt of 33,000 and cannot work part time, she is considering taking time off to look after her newborn, however this would delay her employment opportunities. This increased stress has influenced her wellness throughout the pregnancy”.*

## **7.0 THE IMPACT ON THE HEALTH SECTOR**

- 7.1 While the demand for health is growing, as a result of demographic, technological and other changes, the health workforce, in almost all disciplines, has a serious shortage of health professionals. The number of nurses graduating each year has decreased each year since 1994.
- 7.2 Further education of nurses and health professionals is now a legal requirement under the recently introduced Health Practitioners Competence Assurance Act (1993). But availability and accessibility to post-graduate education and training for nurses varies greatly. The funding of post graduation education and training for nurses is extremely inequitable. Just over 10 percent budget of the Clinical Training Agency, which is responsible for postgraduate clinical education in the health sector, is allocated to post-graduate nursing education. And yet the nursing workforce is the largest health workforce.
- 7.3 The NZNO and NZUSA study revealed that nurse graduates who have student loans do not want to pursue further education that results in extra costs to them. Given the inadequacy of the funding for nursing post-graduate education, this will inevitably result in nurses and health professionals not being able to afford to pursue further education.
- 7.4 One NZNO nursing student responded to the discussion document with the following comments:

*“Many younger students are accumulating debts around 33,000. If they are required to access living allowances, this is a huge financial debt and many will never pay this off. This will either limit their further studies, therefore advancement in nursing, or it may mean a further increase in a debt they currently cannot repay if they choose to further their nursing knowledge”.*

## **8.0 STUDENT LOANS**

8.1 The idea promulgated in the discussion document of borrowing to pay for education because it is an individual benefit in the future, is deeply concerning and is flawed.

8.2 NZNO is concerned that because of student loans, decisions are being made about having children, buying houses and there are an increasing number of nurses leaving nursing for higher paying jobs to pay back student loans. This increases the flight of nurses and health professionals out of the health sector.

8.3 An NZNO student member reports of a fellow nursing student:

*“Another young student of 25 is currently planning her wedding, this has taken careful consideration as she is accumulating a 33,000 dollar debt. The couple has discussed children and ideally would like to pay off the loan before deciding to start a family, they rent and with a loan cannot afford a mortgage”.*

## **8.4 Recommendations**

While NZNO wishes to record a fundamental opposition to the scheme, we would also like to comment on the flaws and inequities about the current scheme.

NZNO would like to see these changes to the current system:

- The abatement rate adjusted in line with inflationary adjustments.
- The lifting of the repayment threshold
- The interest rate set at the rate of inflation
- The freezing of interest payments when out of the workforce due to caring for children or other dependents.

## **9.0 STUDENT ALLOWANCES**

9.1 One of the biggest concerns for NZNO students has been the eligibility for student allowances. Students find the eligibility relating to over 25s particularly unfair. NZNO notes that only 35 percent of students are eligible for a student allowance. This results in many, many students being dependent on their family for supplementary incomes.

9.2 For nursing students it is particularly difficult for students to take up part time employment. The nature of clinical placements makes it difficult to commit to part time employment and often these clinical placements involve travel.

### **9.3 *Recommendations***

NZNO wants the level and accessibility of student loans to be reviewed urgently to improve access and ensure that student allowances ensures an adequate standard of living.

NZNO recommends:

- A universal student allowance
- That the age restriction of 25 be lifted
- That there be an increase in the student allowance payments
- That family benefit allowances are calculated after the student loan repayment is deducted to ensure availability to tax credits.

## **10. SCHOLARSHIPS**

10.1 In August 2003 the Government announced scholarships to assist students from low-income families into health and animal science courses. NZNO welcomed this announcement, and especially the targeting to low income persons to ensure broader representation in health training of all income and racial and gender groups. But nursing students have limited availability to these scholarships because of the eligibility criteria requiring applicants to be school leavers, or be a year from completion of the secondary school year. These scholarships fail to recognise that nursing has a high intake of mature students.

## **11. CLINICAL COSTS**

11.1 There are significant costs related to nursing courses. For many students travel to clinical placements can result in economic hardship.

The allowances, for course related fees, do not cover the course necessities. One student describes:

*"Last year my text books were \$970. I needed a stethoscope (cardiac) \$120. Light Torch \$6. Thermometer \$16. Scissors \$4. Second pair of uniform pants, (we are supplied with 2 tops, 1 pants or skirt, not enough for 3 weeks on placement) \$30. Travel to a placement in Wanganui (3 weeks x 80.00) \$240.00. Textbooks not included in the original textbook list \$350. Shoes \$70. Paper for assignments \$7. Ink for printer (3 @ \$50 each) \$150. Photocopying \$80, NZNO fees \$20. Grand total \$2063.*

*Amount of course related costs one can borrow off student loan \$1000. The extra money has to come from somewhere, but my benefit doesn't stretch to cover this kind of thing".*

## **12. CONCLUSION**

- 12.1 NZNO recognises some of the steps that have been taken to address student issues. But not enough has been done and the student loan system remains fundamental to the funding of tertiary education. Some changes must be made to the current system to improve equity especially for women because of the particularly harsh impact on women and families with children.
- 12.2 The student loan system is deeply inequitable and is causing hardship to students and to women who comprise about 90 percent of nursing students. NZNO calls for fully funded tertiary education to be available to, all on the basis of education being a public good necessary for all to achieve a fair, just and decent society. The education and training of health professionals is essential to building a fair, decent and equitable New Zealand society.

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