

'Big loan' students to gain under Labour

by Fiona Robertson

Students with big loans and graduates on low incomes will benefit most if Labour forms the Government and implements its interest-free loan policy for New Zealand-based graduates.

But other students may also be able to take advantage of Labour's policy by borrowing to invest and making a profit.

The ethics of doing this have come under attack, but as *New Zealand Herald* financial columnist Mary Holm recently wrote: "Financially smart students will borrow as much as they can, invest whatever they don't need and pay back the loan as slowly as possible."

Unitec chief executive Dr John Webster is among the critics of Labour's interest-free loan policy.

He says it gives students opportunity to rort the system. Students who can afford to save the \$150 a week living costs component of the student loan, or the fees they would have paid upfront to their institution, would be able to accrue interest before repaying the original amount borrowed.

This has always been possible while a student was studying under Labour's interest-free

study period policy, but now people would have more time to repay the original amount without penalty.

Holm also said it would make sense for students to borrow as much as possible under a National government.

But in that case people should probably repay their loans as soon as possible after graduating.

National's loan policy is to make the interest amounts tax deductible.

There has been debate over how many students would actually take up the option of borrowing more than they need.

New Zealand University Students' Association co-president Andrew Kirton thinks the vast majority of students would not be able to afford to save the money each week.

He is also sceptical of the returns investment would offer, saying it is risky to borrow to make "a couple of dollars a year" when "you have to pay back every single cent".

He says borrowing to invest is "defrauding the system," and says most students would not "play the system in that regard even if they could".

However, he thinks a benefit of Labour's policy is that it would encourage students cur-



PHOTO: KIRSTY CHARLES

OUT IN FORCE: Students at the University of Auckland rally in support of the Labour Party.

rently working "ungodly hours" to borrow and focus on their studies.

Aside from student loans, certain groups in the tertiary sector also support Labour's general funding policies.

NZUSA co-president Camilla Belich says while the association does not support any political grouping, she is concerned that National policies would lead to fee increases.

Association of University Staff president Nigel Haworth says National's lack of commitment to tripartite forums between university chancellors, staff and government, on funding and staff pay issues would be a "very significant" loss from a university staff perspective.

But while National's website says party policy is to introduce spending caps across the sector, education spokesperson Bill English said the fee freeze policy would be kept for 2006.

He also said National would simplify processes at the funding body, the Tertiary Education Commission, where a "large amount of time and money has been spent on very detailed control policies that don't work".

It would also transfer greater autonomy to institutions. Labour and National both plan cutbacks to low-value courses, which have recently caused controversy.

Labour says it will transfer funding from lower quality to higher quality courses.

National's policy is to freeze spending on sub-degree courses.

Labour has also promised to cut down on competition among tertiary institutions and to ensure differentiation among polytechnics and universities.

On the other hand, Bill English says students gravitating to institutions of their choice will ensure differentiation.

"It's unrealistic to think there isn't competition and you can stamp it out."

Therefore National's policies offer more to private training establishments than Labour.

While Labour caps funding for private training establishments, National plans to fund them on the same basis as other institutions.

Alliance vision fails at the polls

by Duncan Grieve

A war of words has broken out following the Alliance Party's devastating result in last week-end's election.

The party received just 1503 votes, or 0.07 per cent of the vote on election night – a precipitous fall for a party that held 10 seats in Labour's 1999 coalition.

Party co-leader Jill Owens says the way that former leaders Matt McCarten and Laila Harre left the party undermined the Alliance's ability to campaign in the 2005 election.

"After the 2002 election they completely ignored the Alliance. There was work happening on the ground, but no support from the leadership."

She says she woke up one morning to find that McCarten wanted to dissolve the party.

"I was president at the time, and I awoke to news on the radio that the Alliance was over."

"It was because Matt was campaign manager for the Maori Party at the time."

"It was completely undemocratic, but that's just the way he operates."



Laila Harre



Jill Owens

Len Richards, the Alliance's campaign manager for the 2005 election agrees, saying that McCarten and Harre wanted to dissolve the party and throw its support behind the Greens.

"They wanted to wind it up, but the members were against the idea," he says.

Laila Harre disputes Owens' and Richards' version of events, saying she and McCarten simply saw a year ago that the election was likely to be close and thought the Alliance should run in select electorates only.

"I never said that the party should be disbanded, I just didn't agree with the Alliance campaigning for the party vote at the last election."

"It was clear from quite a long way out that it was going to be close. In the end, I'm a pragmatist, and I think most Alliance members voted with their feet."

The Alliance comprised five

political parties that banded together when MMP was first introduced.

The party survived two elections and a major fracturing when the Green Party acrimoniously split in 2002.

Former Alliance leader Jim Anderton formed the Progressives, while the core of the party continued under the Alliance banner with McCarten and Harre sharing leadership duties.

They received 1.3 per cent of the vote at the last election, well below the 5 per cent threshold that is required to make it into Parliament.

For Harre the current administration has led the Alliance to the stage where it will never again be returned to Parliament.

"Jill and Len demonstrate a complete lack of understanding of the history of left-wing movement."

While both factions agree that last Saturday's election result was a great victory for the working class, they differ on the potential for the Alliance or another similar party to become an electoral force.

"Our own research suggests

that there's about 8 per cent of voters who vote Labour not because they want to, but because of the lack of a viable alternative," says Owens.

For Harre the Greens have filled that void, and the modern local political climate does not have room for another left-wing party.

"There clearly isn't room for one in New Zealand right now."

Auckland University of Technology professor of communication studies Wayne Hope believes the Alliance in its current form will be unable to resurrect itself in the immediate future.

"It depends on how long-term you're thinking. In the next year or two their chances of jumping up to five per cent are fairly minimal."

"But the Labour Party hasn't really delivered to its poorest supporters."

"Wages haven't improved an awful lot since 1999."

"There will be a significant proportion of the New Zealand working class voters who would like something other than what Labour has offered them," says Hope.

AUT pins hope on mediation

by Nicholas Moody

AUT management and academic staff were scheduled to go into mediation today to help resolve the four-week pay dispute.

Details of a salary restructure proposed by AUT management were also under discussion as *Te Waha Nui* went to press.

The mediation follows several strikes and stop-work meetings by ASTE union members over the past fortnight.

Two weeks ago the university offered staff a 3.5 per cent pay rise from November 1, 2005 and a 1 per cent increase from April 30, 2006. This would be followed by a 4 per cent increase in 2007.

Academic staff are asking for 6.5 per cent at the end of this year and 6.5 per cent in 2007.

The mediation process, provided by the Department of Labour, is voluntary and any outcome is not binding unless both parties agree.

The union said agreeing to mediation would not mean suspending its industrial action.