

Hon Sir ROGER DOUGLAS (ACT): I will be relatively brief; I had not necessarily intended to speak on the Student Loan Scheme (Repayment Bonus) Amendment Bill but I could not resist in the end.

The point has been made by Mr Mallard and other speakers that in many cases students would be better off putting their money into a bank account and letting it accumulate. That is true, but there is a small window when students are probably better off paying it back, and there are, of course, other reasons why students might repay. When all is said and done, it is not compulsory that students pay in advance; it is a totally voluntary thing. They might, for example, decide they want to pay off the loan early, because that will help the Government accounts. That is quite a good reason. If students want to do that, then I am all for it. In many ways, as I think Mr Peachey said, paying off the loan early may well bring a certain peace of mind to people. They will feel better when they have got rid of their debt, etc. That is one side of the issue.

I personally do not support Mr Mallard's amendment. Mr Mallard is really saying to people that if they pay off \$1,000, they will save only \$100, and he recommends they spend \$200 on a financial adviser, who will tell them they should not pay it off. But they will be \$200 worse off. That seems a bit nuts to me, and I cannot really see the point.

The real point I will make today is about the crocodile tears from Mr Nash and from the Green speaker who just spoke. Let us think about student loans very, very clearly. Students generally come from wealthy families. In New Zealand, 80 percent of students come from families in the top 20 percent in terms of income and assets. Also, students who go through tertiary institutions come out likely to earn somewhere between 150 percent and 200 percent of the average wage. So we have here a very privileged group who come from families whose incomes are well above the average wage, and who, when they are qualified, will earn on average somewhere between 150 percent and 200 percent of the average wage.

Mr Nash, other members of the Labour Party, and the Greens are saying that they want the poor people—whom I used to represent in Ōtara—who leave school without qualifications to go into the workforce to pay higher taxes, to subsidise students. This policy is about redistribution. It is redistributing from the poor and from low-income people to high-income people. Let us understand that this relates to the whole issue of tertiary education. Most people receiving costly educational courses are from middle-income and upper-income groups. What we are doing—and we might want to do it—is saying to low-income people, to people who are relatively poor, that they have to work and pay high taxes so that people who will earn twice as much as them over their lifetimes can get a free education or a free ride. We have the poor subsidising the wealthy. In the case of doctors and vets, we find not only that the poor are subsidising the education of the wealthy, but also that at least 25 percent of those students are now overseas, earning substantial incomes.

Let us not kid ourselves about this. People who go to university are generally amongst the top 20 percent in terms of wealth and income. People who go through university—and good on them—will earn somewhere between 150 and 200 percent of the average income. Who

will pay for them? People who leave school—Rangitoto College or anywhere else—without qualifications and go immediately into the workforce at 17 or 18 years of age are the ones who have to pay higher taxes than they would otherwise have to pay to subsidise university students. Let us understand what we are doing.