

**Media
Release**

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Attention: Education and
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Government fails to build on interest free loans

Budget 2006 has had a mixed reception from students said Conor Roberts, Co-president of the New Zealand University Students' Association (NZUSA)

"It was good to see the no interest on student loans policy feature prominently in today's budget however we think that the government has missed a golden opportunity in today's budget to deal with the drivers of student debt," said Mr Roberts.

"The fact that the no interest on student loans policy is going to cost \$600 million less than previously forecast means that the government had the ability to significantly attack the drivers of debt, it should also silence critics of the policy who warned it result in massive increases in borrowing."

"While the government has allocated \$14.3 million in new funding over 4 years toward student allowances through increasing parental income thresholds by 10%, it will only result in 620 more students receiving an allowance and will not arrest the massive downturn in the total amount of students who are supported while they study. This doesn't go very far in fulfilling Labour's commitment of half of all students receiving a living allowance."

"The number of students receiving a living allowance dropped to 56,806 students in 2005, down 4020 from 60,826 in 2004 and over 70,000 in 2001."

"The windfall in savings from the no interest on loans policy should be spent on vastly increasing access to student allowances, increasing institutional funding levels and ensuring fees don't rise again this year. Such measures would reduce the need for students to borrow in the first place."

"The government has increased the thresholds for fee maxima by 2.5%, and institutional funding has only increased by 2.5% meaning there will again be a funding shortfall in institutions – resulting in rising fees."

"It's a disappointment, the Government should now use the \$600 million windfall of savings from the no interest on student loans policy to increase funding of public tertiary education, ensure fees don't rise again and vastly increase access to student allowances," he concluded.

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