

Media Release

24 August 2005
Attention: Education and
Political reporters
For Immediate Release

NZUSA research proves students borrow because of need, not greed

New Zealand University Students' Association (NZUSA) research on student expenditure confirms that there will be little incentive for most students to borrow extra following the introduction of Labour's interest-free loan scheme.

According to the NZUSA -TNS Research Income and Expenditure Survey released in January, the average essential living costs for students add up to almost \$100 more than they are entitled to borrow from the student loan scheme.

Additionally, 45% of students have a bank overdraft, 22% borrow from credit cards and 20% have a loan to their parents.

"Students borrow from the loan scheme because they have to get by, not because they want to make a quick buck. Borrowing from the loan scheme is motivated by need, not greed," said Andrew Kirton, Co-president of the New Zealand University Students' Association (NZUSA).

"Students can only borrow up to \$150 per week. This is a lot less than most need to live, and they use credit cards, personal loans, family borrowing and overdrafts to cover the difference. There is clearly nothing left to invest," said Kirton.

"Even if these students want to borrow more, under the current loan scheme they can't. The claims that students will borrow the maximum and invest it if there was 0% interest is highly insulting to the thousands of students who are struggling to make ends meet," said Camilla Belich, Co-president of NZUSA.

"Students are fully aware that they will have to pay back every cent of what they borrow, and they are also reluctant to get interest-free loans from family members at the moment for this very reason," said Belich.

Average costs for students per week:

- Food: \$61
- Accommodation: \$116
- Living expenses: \$40
- Transport: \$32
- Total: \$249

Ends

For more information contact:

Andrew Kirton
NZUSA Co-President
Phone 0274 86 86 73

Camilla Belich
NZUSA Co-President
Phone 0274 86 86 77