

Media Release

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Attention: Education and
Political Reporters
For Immediate Release

Loan borrowers' income not enough to sustain fee rises

Nearly 70% of student loan borrowers earn under the repayment threshold, according to IRD statistics released today by the New Zealand University Students' Association (NZUSA).

"It's clear that many graduates are not earning enough to ever pay off their student loans," said Andrew Campbell, NZUSA Co-President. "Tertiary institutions must be aware that their threats of increased fees for next year will mean that thousands more students will be shackled with huge debts for life."

The income range of student loan borrowers at 31 March 1999 (figures for the 2000 tax year are still not available) show that 69.94% of the 256,922 borrowers were earning less than \$15,000 per year. On this income they would not be making any repayments on their student loans.

"While it is important to acknowledge that a significant proportion of those earning under the repayment threshold will be current students, it is also shocking that only 12% of borrowers earned over \$30,000 a year," said Campbell.

"Basically all student loan borrowers – 98% – were making less than \$50,000 each year. These figures show that graduates are not walking into the high paying jobs that many think they are," said Campbell. "Vice-Chancellors should be aware that if they raise fees they will be loading more and more debt on to graduates whose salaries cannot sustain loan repayments."

"Tertiary institutions and government must work together to ensure that student loans do not get any bigger because of fee increases," said Andrew Campbell.

Attached: Table of student loan borrowers income at 31 March 1999

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