

Media Release

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Attention: Education and
Political reporters
For Immediate Release**

Better than expected loan write-offs good news for poor students

The New Zealand University Students' Association (NZUSA) is today welcoming the government announcement that \$64.7 million has been written off student loans in the first year of its no interest while studying policy, which is more than officials or NZUSA had anticipated.

"It is positive to see that for the first year in over a decade the costs of studying for most students actually decreased," said Andrew Campbell, NZUSA Co-President.

"It is worth remembering however that the costs of studying are still enormously high. Interest only makes up one component of loan borrowing. The government has yet to do anything in relation to living allowances which made up \$242.1 million of borrowing last year," said Campbell. "Parental income thresholds for means testing of allowances have not been adjusted for inflation since they were introduced in 1992."

The information about loan write-offs comes at a time in which this policy is being analysed by the Tertiary Education Advisory Commission (TEAC) for its cost effectiveness.

"Students will reject any recommendation by TEAC that increases the cost of study," said Campbell. "We believe that TEAC has not taken into account that many students are now borrowing through the public loan scheme rather than other methods of borrowing or relying on too many part time jobs. NZUSA figures show that the median student debt to parents in 1998 was \$2007 and through bank loans \$1997. It is positive to see that students are transferring that debt to the public loan scheme which has fairer terms attached to it," said Campbell.

"It is disappointing that as students are just receiving the benefits of the no interest on loans policy that TEAC is looking at ripping it off them," said Campbell. "We will fight to see student friendly policies retained and strengthened."

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