

Press Release

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Attention: Education and Political reporters

Students agree with PM – student debt is a disaster

Student leaders are joining the Prime Minister's condemnation of the massive \$11 billion of student debt as a disaster, and are reminding him just why the interest-free nature of the loans is so important to addressing this debacle.

"The Student Loan Scheme has been a huge experiment gone wrong. Students, graduates, and their families are all suffering under the \$11 billion millstone that is student debt. The only positive in this flawed scheme is the interest-free nature of the loans," says David Do, Co-President of the New Zealand Union of Students' Associations (NZUSA).

The introduction of interest-free student loans in 2006 came after widespread public and professional concern over the negative social and economic impacts of student loan debt that had emerged since the introduction of the loan scheme in 1992. Interest-free student loans have resulted in significant reductions in loan repayment times and provided future financial stability for hundreds of thousands of New Zealanders.

"The Government is rightly concerned about the economic impacts of high household debt and government debt, and acknowledges that student debt is also a major problem. That's why policies such as interest-free loans and voluntary bonding have helped by relieving the burden of debt."

"The Government should focus on reducing the need for such debt in the first place, and to let the Budget's changes regarding student loans pan out. While John Key has yet again reaffirmed the policy will stay, constant questioning of it is unhelpful and indicates National's commitment to it is faltering," said Do.

Putting interest back on student loans will take us back to unpopular and failed ideas which will see many years and millions of dollars added to the debt of hundreds of thousands of New Zealanders," added Do.

"Good policies such as interest-free student loans are an investment in the nation's future. Supporting education and encouraging graduates to stay in New Zealand fosters improved growth and productivity, as well as the improved health and wellbeing of New Zealanders. Undermining these opportunities would be a huge step backwards for New Zealand," concluded Do.

NZUSA is the national representative body for tertiary students and has been advocating on student issues since 1929.

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