

## Media Release

**2 August 2005**  
Attention: Education and  
Political reporters  
**For Immediate Release**

# Ill-informed hysteria over student loan borrowing must end

Since Labour's announcement last week that it will abolish all interest on student loans if elected, speculation has been rife that students will misspend their loans, invest them, or borrow the maximum amount.

"Most of the people who are worried about the possible implications of interest-free loans seem to have absolutely no idea how the student loan scheme works. It is not possible to borrow large wads of cash," said Camilla Belich, Co-President of the New Zealand University Students' Association (NZUSA).

"Students have large debts because they have been forced to borrow thousands every year to pay for high course fees, rent, food and bills, not because they are greedy or are looking for a quick investment," said Belich.

"The unfortunate success of students' association food banks is proof that for the vast majority being a full time student leaves very little at the end of the week. Claims that there will be masses of students investing their interest free loans are simply bizarre," said Belich.

"Most students also work part-time working unsociable hours just to get by," said Andrew Kirton, Co-President of NZUSA.

"In many areas \$150 a week, which is the only borrowing available to students that isn't for fees or course costs, is hardly enough to even cover the rent. Students are borrowing simply because they need to, interest bearing or not," said Kirton.

These are the facts: students can borrow for tuition fees, living costs and course related costs.

- Fees are paid directly to the tertiary institution so students never see that money.
- Students are entitled to claim up to \$1000 (with receipts) for course related costs. Many practical courses require a great deal more than this.
- Living costs of \$150 a week may be borrowed and this figure is lessened if you are eligible for a student allowance. It is not enough to even cover the rent in some areas.

Ends

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