

**MEDIA
RELEASE**

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Attention: Education and
Political reporters
For Immediate Release

NZ can't afford not to wipe student loan interest

Treasury papers released today by Michael Cullen prove that the no interest on loans policy is both affordable and realistic.

"Student debt hit eight billion dollars today and the reality is New Zealand can no longer afford to ignore student debt. No interest on loans would go along way towards addressing the student debt monster," said Camilla Belich, Co-president of the New Zealand University Students' Association (NZUSA).

"Treasury's initial predictions were based on an unrealistic 95% of students taking up loans. People generally steer clear of getting into debt when it they can avoid it, students are no exception," said Belich.

"It is no surprise to us that Treasury estimated that 95% of students would take up interest free loans. In 2000, they predicted the 80% of students would borrow by 2003 when Labour introduced no interest on loans while studying. What actually happened was 60% of students borrowed - Treasury were out by about 20%," said Andrew Kirton, Co-president of NZUSA.

"The reality is that students struggle to survive on the meagre amount that they are currently allowed to borrow from the student loan scheme each week. It is insulting to suggest that these people will immediately invest this desperately needed money," said Kirton.

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