

Media Release

18 May 2001
Attention: Education and
Political reporters
For Immediate Release

Student Loan Debt Hits \$4 Billion

Documentation obtained by the New Zealand University Students' Association (NZUSA) has confirmed that total student loan debt has now passed the \$4 billion mark.

"We don't want any more billion dollar milestones," said NZUSA Co-President Andrew Campbell. "The Government has made changes to the student loan scheme but they have not been substantial enough to do anything more than slow down the increase in total debt."

In response to a written parliamentary question by Ian Ewen-Street to the Associate Minister of Education (Tertiary) Steve Maharey confirmed that total student debt exceeded \$4 billion in March this year.

"To stop the growth in student loan debt the government must do something about the root causes of it, high tuition fees and the lack of universal living allowances. Until the government initiates more progressive policies in those areas student loan debt will continue to rise," said Campbell.

"Tertiary institutions have the opportunity to lessen further rises in the total loan debt by accepting the fees freeze offer for 2002 the government currently has on the table. However the government also needs to come to the party and substantially increase funding to the sector so that fees can decrease rather than just be frozen at an already high level," said Campbell.

The student loan scheme annual report released late last year forecasts student loan debt to grow to \$5 billion by 2003 and \$15.5 billion by 2015. NZUSA recently revealed that changes to the calculation of the loan interest rate this year will mean less debt is written off this year than in previous years.

"Simply tinkering with the scheme is not going to stop the snowball that is already in motion. Only major changes to the way students are financially supported while studying can reverse this problem," said Campbell.

"We all know that total student debt is big, we all know that the impacts of that debt are negative, we all know that it is unfair that students have to borrow money to live while studying. With the budget just around the corner it is time to do something about it," said Campbell.

ENDS

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