

Student loans

Keeping loans interest free



BUILDING OUR FUTURE

SHARE YOUR VIEWS
HEAR JOHN'S NEWS

www.johnkey.co.nz

National
www.national.org.nz



National is making the student loan scheme sustainable into the future, reducing the need for more Government borrowing, and preparing students for the jobs of the future.

Our interest-free student loan scheme is one of the most generous in the world and we want to keep it that way.

We're making sure borrowers understand that when they choose to get a student loan, they are choosing to take on all the responsibilities that come with it – like paying it back. We're also restricting eligibility for some groups.

OUR POLICY

- Keeping interest-free student loans.
- Restricting borrowing for those who have had a repayment of \$500+ overdue for more than a year.
- Allowing borrowing for people aged 55+ for tuition fees but not for living and course related costs.
- Keeping the threshold at which borrowers start making repayments at \$19,084 until April 2015.
- Shortening repayment holidays for overseas borrowers to 1 year, and making them provide a New Zealand based contact person.
- Improving fairness by broadening the definition of income for repayment purposes to include, for example, income earned through a trust.

Our changes to student loans are about encouraging greater accountability for borrowers and getting better value for taxpayers.

Student loans: By the numbers

\$1.58
BILLION

lent by the government for student loans in 2010/11. We have to borrow most of this money.

45
CENTS

in every dollar loaned is currently written off, compared to 47 cents in 2009.

55%

of overdue debt is owed by those now living overseas – even though they represent only 15% of borrowers.

OTHER CHANGES WE'VE MADE

- ✓ Required students to pass 50% of their courses over 2 years to continue borrowing.
- ✓ Limited borrowing to 7 full-time studying years for undergraduate degrees.
- ✓ Required permanent residents and Australians to live here for 2 years before qualifying for a loan.
- ✓ Introduced administration fees to cover more of the administration costs of the loan.
- ✓ Introduced a voluntary repayment bonus.



Letting you decide

There will be no changes before the election. We're giving voters all the information they need to make a choice at this year's election.