



Annual Report
STUDENT LOANS SCHEME

Incorporating the Financial Statements to 30 June 2005
OCTOBER 2005

PREPARED BY:

Key Findings

- By 2016, it is expected that total annual repayments will exceed total annual drawdowns through the Student Loan Scheme.
- The level of student loan repayments is continuing to increase. By 2000, 19 percent of the total accumulated student loan balance had been repaid. It is expected that 27 percent will be repaid by the end of 2005 and 42 percent will be repaid by 2015.
- Higher qualifications lead to faster repayment times – even where they are associated with higher levels of borrowing.
- Of those Student Loan Scheme borrowers who left study in 1992, three-quarters had repaid in full after 10 years. Men and women were equally likely to have repaid in full.
- Borrowers who are less likely to make progress towards repayment of their student loans include:
 - men
 - those who don't complete a qualification
 - those who study at lower levels, and
 - Māori.
- The forecast median loan repayment time is 6.7 years (compared with a forecast of 6.9 years in 2004).
- 75 percent of all students are forecast to repay within 10.6 years.
- Student loan borrowing in 2004/05 was \$975 million, down from \$997 million in 2003/04. This is the first decrease since 1998/99 and is due to the increased number of part-time students. They have lower entitlements under the scheme, face lower fees and are more inclined to finance their studies from other sources.
- Over time, there has been an increased rate of student loan borrowers returning from overseas. By 30 June 2005:
 - about 70 percent of borrowers who left in 1996, 1997 and 1998 had returned, and
 - more than 50 percent of borrowers who left in 2000 to 2003 had returned.

This report is also available on the Ministry of Education, Inland Revenue and StudyLink websites:

www.minedu.govt.nz/goto/tertiaryanalysis

<http://www.ird.govt.nz/studentloans/reports/>

www.studylink.govt.nz

October 2005

Key Statistics and Trends

- Since the Student Loan Scheme was introduced in 1992:
 - \$2,827 million has been repaid
 - 173,168 loans have been completely repaid
 - \$1,030 million in interest charges has been written off, and
 - approximately 680,000 people have used the scheme.

As at 30 June 2005

- The total student loan balance was \$7,499 million, consisting of:
 - \$6,675 million held by Inland Revenue, and
 - \$824 million held by the Ministry of Social Development.
- This total balance was 10 percent up on the year before.
- 445,074 people had a student loan, representing 14 percent of the population over the age of 15. This was an increase of 1 percent over the year before.
- The median student loan balance was \$10,404.
- The doubtful debt provision was valued at \$1,035 million (amounting to 12.8 percent of face value of the total outstanding).

In the academic year 2004

- There were 157,032 students who borrowed from the Student Loan Scheme. Of these borrowers:
 - 60 percent were female
 - 71 percent were under 30 years of age
 - 17 percent were Māori, and
 - 7 percent were Pasifika.
- Of the 157,032 borrowers:
 - 90 percent were full-time students – they borrowed 96 percent of all borrowings
 - 53 percent of eligible students accessed a student loan
 - 74 percent of eligible full-time students accessed a student loan, and
 - 93 percent borrowed fees.
- The median amount borrowed was \$5,424.
- The total borrowed under the scheme was \$975 million.

Contents

FOREWORD	5
PREFATORY NOTE – DATA AND DATA SOURCES	6
CHAPTER ONE: THE ROLE OF STUDENT SUPPORT IN THE NEW ZEALAND TERTIARY EDUCATION SYSTEM	7
1.0 Introduction: The role of tertiary education	9
1.1 Participation in tertiary education: Introduction	9
1.2 Growth in tertiary student numbers and EFTS	10
1.3 Demographic characteristics of domestic tertiary students	10
1.4 Qualification levels of tertiary students	10
1.5 The government’s funding of tertiary education	11
1.6 Trends in tertiary fees	12
1.7 The role of the Student Loan Scheme	13
1.8 Ongoing work in the area of student support and related areas	14
1.9 New student support initiatives announced in Budget 2005	14
CHAPTER TWO: THE STUDENT LOAN SCHEME IN 2004	15
2.0 Introduction	17
2.1 Uptake of student loans in 2004	17
2.2 New borrowers 2002 to 2004	17
2.3 Uptake of student loans and eligibility	18
2.4 Student loan borrowers by study status (full-time/part-time)	18
2.5 Total student loan borrowings	18
2.6 Average and median annual amount borrowed from StudyLink	19
2.7 Loans by component 2000 to 2004	19
2.8 Student loan borrowers by gender	20
2.9 Student loan borrowers by age	21
2.10 Student loan borrowers by ethnic group	22
2.11 Students who borrowed fees by provider type	23
2.12 Students who borrowed by loan component	23
2.13 Student loan borrowers by level of qualification and component	24
2.14 Student loan borrowers by loan component and ethnic group	24
2.15 Comparison of loans with allowances	25

CHAPTER THREE: THE STUDENT LOAN SCHEME – LOAN BALANCES AND PEOPLE WITH STUDENT LOANS	26
3.0 Introduction	28
3.1 The aggregate student loan balance	28
3.2 Number of borrowers with Inland Revenue	28
3.3 Median and average student loan balances with Inland Revenue	29
3.4 Range of student loan balances	29
3.5 Loan repayments made to Inland Revenue	30
3.6 Repayments and write-offs as a percentage of accumulated aggregate loan value	30
3.7 Overdue loan repayments	31
3.8 Interest write-offs	32
3.9 Interest write-offs by type	32
3.10 Deceased and bankruptcy write-offs	33
3.11 Borrowers who go overseas	34
CHAPTER FOUR: THE INTEGRATED DATASET ON STUDENT LOAN SCHEME BORROWERS	36
4.0 Introduction: The integrated dataset on Student Loan Scheme borrowers	38
4.1 What the integrated dataset shows about the relationship between loan balances and post-study income	38
4.2 What the integrated dataset shows about repayment rates	39
4.3 What the integrated dataset shows about people who make no progress in repaying loans	40
CHAPTER FIVE: THE COSTS OF THE STUDENT LOAN SCHEME	43
5.0 Introduction	45
5.1 Calculating the costs of the Student Loan Scheme	45
5.2 The Provision	45
5.3 The fair value of the Student Loan Scheme	46
5.4 The economic value of the Student Loan Scheme	46
5.5 The effective interest rate	46
5.6 Student loan forecasts	46
5.7 Aggregate student loan value projection	47
5.8 Predicted average and median student loan repayment periods	48
5.9 Comparison of forecast outcomes and actual outcomes	48

CHAPTER SIX: FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005	50
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005	51
STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2005	52
SCHEDULE OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2005	53
SCHEDULE OF ASSETS AS AT 30 JUNE 2005	54
SCHEDULE OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2005	55
NOTES TO THE FINANCIAL SCHEDULES FOR THE YEAR ENDED 30 JUNE 2005	56
AUDIT REPORT	59
APPENDICES	61
APPENDIX 1 THE ELEMENTS OF THE STUDENT LOAN SCHEME	62
Eligibility	62
Loan Components	62
Loan repayments	62
Interest	63
Interest write-offs	63
APPENDIX 2 ADMINISTRATIVE COSTS	65
APPENDIX 3 HISTORICAL AND FORECAST INCOME AND EXPENDITURE	66
APPENDIX 4 TERTIARY EDUCATION STUDENT LOAN ANALYSIS MODEL	67
APPENDIX 5 STATISTICAL TABLES AND FIGURES	68
STATISTICAL TABLES AND FIGURES (CHAPTER ONE)	68
STATISTICAL TABLES AND FIGURES (CHAPTER TWO)	75
STATISTICAL TABLES AND FIGURES (CHAPTER THREE)	85
STATISTICAL TABLES AND FIGURES (CHAPTER FOUR)	88
APPENDIX 6 GLOSSARY OF TERMS INCLUDING DEFINITIONS CLARIFYING THE FINANCIAL STATEMENTS	89
INDEX OF FIGURES	93
INDEX OF TABLES	94

Foreword

The Student Loan Scheme supports the government's goals for tertiary education and consequently, its other social and economic goals. The scheme, introduced in 1992, helps New Zealanders access tertiary education by providing them with finance for tuition fees and other education-related costs. Widened access to the Student Loan Scheme and its income-contingent repayment nature have helped reduce the financial barriers to tertiary education.

As governments around the world have attempted to open access to tertiary education, many have sought to share the costs between the taxpayer and the student. The New Zealand Student Loan Scheme was designed to share the costs of tertiary education without imposing barriers to access. The scheme has helped move our tertiary education system from an elite system with relatively low participation, to a more accessible system with high levels of participation. This is helping more students to obtain the qualifications necessary for employment or the prerequisites for future study.

The opportunity to undertake tertiary study is of benefit to all participants and to the community as a whole. A well-educated population means that, as a nation, we are better equipped to hold our own and compete internationally. For the individual, tertiary education provides increased employment opportunities, higher income and greater opportunities for personal development – all leading to a better quality of life.

The costs of the loan scheme are shared between borrowers and the government. Those who borrow through the scheme are liable for interest and also for an administration fee. The government pays for the administration of the scheme and for the targeted benefits available under the scheme – such as interest write-offs.

The value of loan balances is forecast to grow to \$12,000 million by the year 2014/15. As the scheme matures, more data and information are becoming available on borrowing trends and impacts of student loan policies. This information is improving our understanding of the longer-term effects of student loans on different groups of borrowers.

The Student Loan Scheme is the responsibility of three government agencies. The Ministry of Education provides policy advice on the scheme to Ministers; the administration and delivery of student loans is the responsibility of StudyLink, a service of the Ministry of Social Development; and Inland Revenue's role is the assessment and collection of loan repayments.

The aim of this report is to provide clear, accurate and useful information on the Student Loan Scheme to improve the public's understanding of the scheme. It is an opportunity for the agencies responsible for the scheme to prepare information that is relevant to the ongoing assessment of the role and place of the scheme.



HOWARD FANCY
Secretary for Education



DAVID BUTLER
Commissioner of Inland Revenue



PETER HUGHES
Chief Executive
Ministry of Social Development

Prefatory Note – Data and Data Sources

The information set out in this report has been developed from data drawn from four principal sources. Each of the three agencies responsible for the Student Loan Scheme has supplied data, while other data has been drawn from Statistics New Zealand's (SNZ's) integrated dataset on Student Loan Scheme borrowers. Data from these sources has been complemented by information drawn from the census, the Household Labour Force Survey and other published data sources.

Some of the data published in this report is provisional and may be subject to minor change at a later stage. Where data is provisional, this is shown in the notes to the tables and graphs.

The responsibility for the delivery of the Student Loan Scheme changed in 2000 when the Student Loan Scheme account management was transferred from the Ministry of Education to the Department of Work and Income (now StudyLink, a service of the Ministry of Social Development). In some areas, new information standards were created at the time of the transfer. As a result, there are some places where data series start from 2000.

The agencies supplying the data are conscious of the need to protect the privacy of students and of those with student loans. Care has been taken in compiling this report to ensure that privacy concerns are met and that the integrity and accuracy of data is maintained.

The integrated dataset is managed by SNZ according to the requirements of the Statistics Act 1975 and following strict privacy protocols that have been discussed with the Privacy Commissioner. All personal identifiers have been removed from the dataset and there is a range of other restrictions on the release and publication of data. All output from the dataset is subject to random rounding to base 3, further protecting the privacy of borrowers. Access to the integrated dataset is restricted to approved analysts and researchers who access the dataset in SNZ's datalab under the direct supervision of SNZ staff¹.

In this report, unless otherwise stated, all financial data is expressed in nominal dollars without adjustment for inflation.

Most of the information in Chapters 1 and 5 of this report has been supplied by the Ministry of Education. Chapter 2 is principally drawn from Ministry of Social Development data. The data in Chapters 3 and 6 is mostly drawn from Inland Revenue. Chapter 4 gives information from the integrated dataset. The source agency for the data is noted at the foot of each table and graph.

¹ More detailed information on the management of the integrated dataset can be found at http://www.minedu.govt.nz/web/downloadable/dl10309_v1/about-the-integrated-dataset.doc

CHAPTER ONE

THE ROLE OF STUDENT SUPPORT IN THE NEW ZEALAND TERTIARY EDUCATION SYSTEM

Key Statistics – Tertiary Study

For the academic year 2004

- Over 14 percent of all New Zealanders aged 15 and over participated in tertiary education in 2004.
- Māori students had the highest rate of age-standardised participation of any ethnic group for all levels of qualifications (20.6 percent compared with 14.3 percent for all ethnicities).
- There were 505,000 tertiary students in 2004 (compared with 255,000 in 1994).
 - The average age of a tertiary student was 32.4 years.
 - Women accounted for 59 percent of all tertiary students.

Key Findings

- The number of students in tertiary education has nearly doubled and participation has become more diverse over the last decade. This growth is largely a result of participation increases rather than population increases.
- The government spent about \$2.8 billion on tertiary education in 2004/05 – representing 1.9 percent of gross domestic product or 5.5 percent of all government spending.
- The biggest share of government spending on tertiary education was the \$1.9 billion spent on funding tertiary education organisations to provide education.
- Student loans represent 26 percent of all government spending on tertiary education.

1.0 Introduction: The role of tertiary education

New Zealand has a distinctive tertiary education system. It is one of the few countries in the world that has open access to tertiary education; every New Zealander with the ability and desire to take part in tertiary education can do so. If this country is to maintain its progress socially and economically, we must make the most of all our people's potential. In social development terms, the desired outcome is an inclusive society where all people are able to participate and contribute. Providing access to tertiary education and the opportunities this provides for individuals is a key investment by the government in the future of New Zealand.

The Tertiary Education Strategy (TES) outlines the government's vision and goals for the tertiary education system. The TES aims to improve alignment between the direction of the sector and the national goals of: economic transformation; social development; Māori development; environmental sustainability; infrastructural development; and innovation. The TES comprises six strategies:

- Raise foundation skills so that all people can participate in our knowledge society.
- Develop the skills New Zealanders need for our knowledge society.
- Strengthen research, knowledge creation and uptake for our knowledge society.
- Te Rautaki Mātauranga Māori – contribute to the achievement of Māori development aspirations.
- Educate for Pacific peoples' development and success.
- Strengthen system capability and quality.

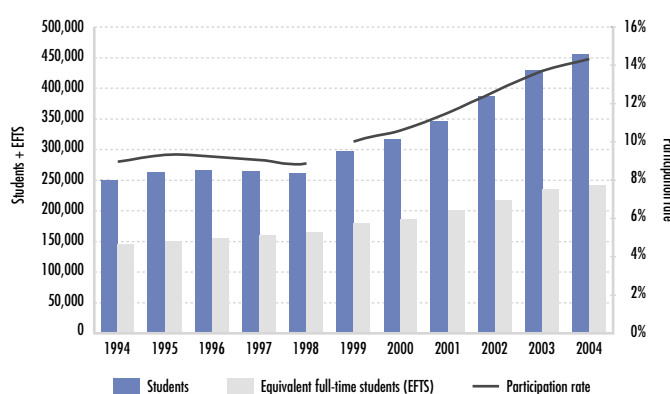
The Student Loan Scheme helps facilitate access to tertiary study for a large number of New Zealanders who would otherwise find it financially difficult to study. It therefore contributes directly or indirectly to most of the TES strategies, particularly the development of the skills New Zealanders need for our knowledge society. This strategy recognises that, if New Zealand is to accelerate its transformation into a knowledge society, we will need a workforce with high-level generic skills and specialist skills in areas of comparative advantage. Therefore, progress towards the achievement of this strategy will depend on the effectiveness of measures that contribute to improvements in tertiary education participation and achievement.

1.1 Participation in tertiary education: Introduction

In recent years, participation in tertiary education in New Zealand has been characterised by growth in the number of students and increasing diversity in the student population.

- The number of tertiary students (including domestic² and international students) has nearly doubled, from 255,000 in 1994 to 505,000 in 2004.
- The number of Equivalent Full-time Students (EFTS) rose 90 percent from 148,000 in 1994 to 282,000 in 2004³.
- There were 455,000 domestic students in 2004, representing 241,000 EFTS.
- Over 14 percent of all New Zealanders aged 15 and over participated in tertiary education in 2004, up from 9 percent in 1994. Participation in tertiary education in New Zealand is at its highest rate ever.

Figure 1 (Table 27) Participation by domestic students in tertiary education 1994-2004



Notes:

1. Data relates to domestic students enrolled at any time during the year.
2. Data before 1999 excludes PTE and Other Tertiary Education Provider (OTEP) students.
3. The participation rate is the percentage of the population aged 15 and over who were students that year.
4. The data excludes industry training, non-government funded PTEs and all non-formal learning.

Source: Ministry of Education

² Domestic students are New Zealand citizens, New Zealand permanent residents, or Australian citizens, who are treated as New Zealand citizens for the purpose of funding.
³ This includes both domestic and international students.

1.2 Growth in tertiary student numbers and EFTS

Most of the recent growth in student numbers has been due to increased rates of participation, rather than to population increases. Further, this growth has not been uniform, with private training establishments (PTEs) (until mid-2001), international students, wānanga and industry training all significantly increasing their share of the tertiary education sector.

- By 2004, 15 percent of all students were enrolled at a wānanga. This equates to nearly 70,000 students (32,000 EFTS).
- The composition of wānanga has altered over time. Asian students now represent 27 percent of all wānanga students, while Māori represent 48 percent, down from 92 percent in 2000.
- Industry training grew to around 102,000 trainees at the end of 2004.
- Education NZ Trust estimates the value of export education for 2004⁴ to be \$866 million for universities; \$258 million for institutes of technology and polytechnics (ITPs); \$14 million for colleges of education and \$255 million for PTEs.

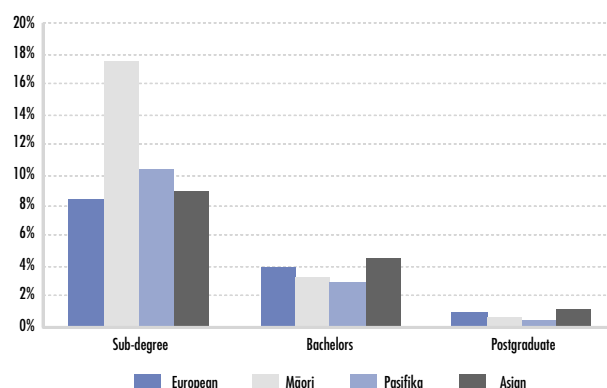
1.3 Demographic characteristics of domestic tertiary students

Tertiary education has become increasingly diverse, in terms of both the types of learning available and the types of students participating. In the space of 10 years, the sector has gone from one characterised largely by formal, public, institution-based learning in universities, ITPs and colleges of education, to a sector catering for a much wider range of people, and in a much wider variety of settings.

- In 1994, the average age of a tertiary student was 27.6, with 51 percent aged under 25. By 2004, the average age was 32.4 with 37 percent of students under 25.
- The share of women in tertiary education has increased from 52 percent in 1994 to 59 percent in 2004. Almost 16 percent of all women in New Zealand aged 15 and over participated in tertiary education in 2004, compared with 12 percent of men.
- Students of European ethnicity accounted for 64 percent of tertiary students in 2004, compared with 76 percent in 1994.
- There were 94,400 Māori students in 2004, up 250 percent on 1994. This increase has led Māori to achieve the highest rate of participation of any ethnic group.
- The participation rate of Māori at bachelors level and higher is close to the average for the tertiary education sector; the majority of Māori participation, however, is at lower levels.

- While the number of Māori participating in tertiary education grew slightly in 2004, the number of Māori EFTS decreased by 3 percent in 2004. This was the only decrease in EFTS across all the ethnic groups.
- The number of domestic Asian students grew by 32 percent in 2003 and a further 20 percent in 2004. This group now represents 12 percent of domestic tertiary students.
- There was a 13 percent increase in the number of Pasifika students in 2004, taking the total to over 28,800 Pasifika students.

Figure 2 (Table 31) Age-standardised participation rate by qualification level and by ethnic group 2004



Notes:

1. Data relates to domestic students enrolled at any time during the year.
2. The age-standardised participation rate is the estimated rate that would result if each ethnic group had the same age distribution as the national population in 2004.
3. Students are counted in each ethnic group they affiliate with, and at each level they studied at.
4. Excludes industry training, non-government funded PTEs, formal courses of a week or less, and all non-formal learning.

Source: Ministry of Education

1.4 Qualification levels of tertiary students

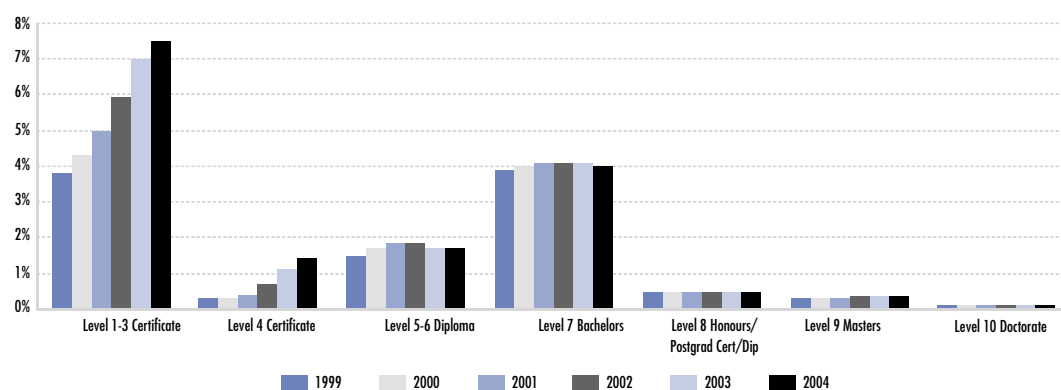
Much of the recent growth in tertiary education in New Zealand has been at lower qualification levels. Between 1999 and 2004, certificate enrolments by domestic students grew by 140 percent while bachelors degree enrolments grew by 10 percent.

- In 2004, 74 percent of all domestic students were enrolled at levels below bachelors level (allowing for students enrolled at more than one level) but only 52 percent of EFTS were sub-degree.

⁴ The estimate is based on Education NZ Trust's own economic data and the July tertiary education enrolment figures.

- There were around 194,100 domestic EFTS at bachelors level in 2004, or 40 percent of all domestic EFTS. While, the total number of domestic students was similar to 2003, the number of domestic students at bachelors level fell slightly in 2004 by 0.9 percent. When international students are included, the number of students at bachelors level rose by 3 percent between 2003 and 2004.
- Seven percent of students were enrolled in postgraduate-level qualifications in 2004 and the number of domestic students at postgraduate level increased 5 percent between 2003 and 2004. There were 4,560 students enrolled in PhDs in 2004, of which 3,980 were domestic and 580 were international.
- In terms of EFTS, universities are the largest type of tertiary education provider to domestic students, with almost 42 percent of all EFTS (over 100,000) in 2004, compared with 29 percent (68,500) for ITPs, 13 percent for wānanga, 12 percent for PTEs and 3 percent for colleges of education.
- In terms of headcount of students, ITPs were the largest type of tertiary education provider with 44 percent of all students in 2004, compared with 30 percent for universities, 15 percent for wānanga, 14 percent for PTEs and 3 percent for colleges of education.
- International student numbers grew by 7 percent in 2004. This is the slowest growth rate since 1998. International EFTS grew by 10 percent in 2004 to almost 41,000.
- In 2004, almost 21 percent of all domestic students were studying qualifications in the Management and Commerce field. This is the highest percentage when looking at student numbers by field of study.
- In 2004, 23 percent of domestic EFTS were studying qualifications in the Society and Culture field. This is the highest percentage when looking at EFTS by field of study.

Figure 3 (Table 32) Participation rate by qualification level 1999-2004



Notes:

1. Data relates to domestic students enrolled at any time during the year.
2. Students have been counted at each qualification level they were enrolled at. Hence the sum may not add to the stated total number of students.
3. Excludes industry training, non-government funded PTEs, formal courses of a week or less, and all non-formal learning.

Source: Ministry of Education

1.5 The government's funding of tertiary education

The main mechanisms that the government uses to provide financial assistance to students participating in tertiary education are tuition subsidies⁵ paid to tertiary education providers, student allowances and student loans⁶. At \$1,882 million in 2004/05, tuition subsidies are the largest component, representing 51 percent of all government spending on tertiary education. Student allowances are available to students who meet income-based and age-related eligibility criteria. The Student Loan Scheme can be accessed by all New Zealanders who enrol in approved qualifications⁷ and enables students to meet other costs of their tertiary education.

Participation in tertiary education increased significantly in the 1990s. As a result, total government funding increased. However, the level of tuition subsidy per EFTS fell, while the share of the cost to be met by students rose over this period.

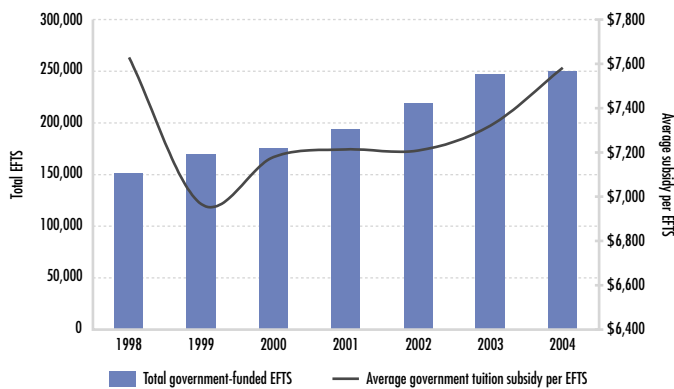
⁵ The government expects students and their families to share the costs of tertiary education. Therefore, funding paid by the government to tertiary education providers is referred to as a 'tuition subsidy'.

⁶ There are a number of other government awards to students which are not within the scope of this report, eg Step Up Scholarships, Top Achiever Doctoral Scholarships, the Prime Minister's Scholarships and Training Incentive Allowances.

⁷ This includes industry trainees undertaking courses at tertiary education providers if they meet the appropriate eligibility criteria.

Since 2000, funding to tertiary education organisations has been increased. Between 2000 and 2004, funding rates were increased by 13 percent in nominal terms. However, due to a greater proportion of students enrolling in programmes that attract a lower per student funding rate, the actual average increases are lower than this figure.

Figure 4 Total government-funded equivalent full-time student (EFTS) places and average funding per EFTS in public TEOs 1998-2004



Source: Ministry of Education

The following table details some of the trends in the total support the government has provided over the last eight years.

Table 1 Government financial support for tertiary study 1997/98-2004/05

Fiscal year	Student allowances \$million	Tuition subsidies \$million	Student loans \$million
1997/98	344	1,144	657
1998/99	378	1,167	624
1999/2000	376	1,262	701
2000/01	391	1,344	873
2001/02	401	1,551	934
2002/03	387	1,751	952
2003/04	380	1,907	997
2004/05	359	1,882	969

Notes:

1. Student allowances amounts are the before-tax or gross amounts.
2. Student loan amounts are capital amounts. For the purpose of calculating its operating expenditure, the government allocates 12.8 percent of the total amount provided for student loans for the operation of the scheme.

Source: Annual Reports of the Ministry of Education, the Ministry of Social Development and the Tertiary Education Commission

Student allowances expenditure has decreased again in 2004/05. Despite an increase in the eligibility thresholds for parental income, the number of students receiving a student allowance has been lower than expected. The current period of low unemployment may also have had the effect of lifting incomes of some families, resulting in lower allowances entitlements for their children.

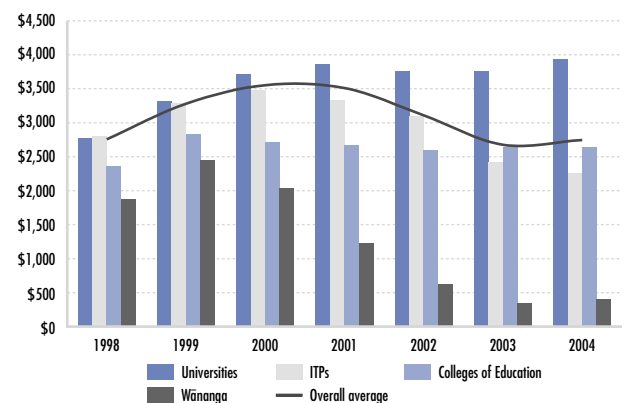
Other tertiary education-related spending went to fund a variety of activities, including the Training Incentive Allowance for some beneficiaries, community education and administrative support, as well as the Unemployment Benefit Student Hardship and the Accommodation Supplement during vacations.

Government expenditure on tertiary education – excluding the capital expenditure on student loans – is expected to be 1.8 percent of the country's Gross Domestic Product (GDP) in the 2004/05 fiscal year, compared with 2.0 percent in 2003/04. If capital expenditure on student loans is included, government spending on tertiary education reaches 2.5 percent of GDP in 2004/05, compared with 2.7 percent in 2003/04.

1.6 Trends in tertiary fees

The average tuition fee per EFTS in public tertiary institutions increased by 29 percent between 1998 and 2000. This was a reflection of the reduction in funding rates during this period. Between 2001 and 2003, the government's fee stabilisation policy helped contribute to the average fee per EFTS falling by 24 percent. The introduction of the Fee Course Cost Maxima (FCCM) policy in 2004 resulted in the average fee per EFTS increasing by 2.7 percent compared with 2003.

Figure 5 Domestic tuition fees per EFTS in tertiary education institutions (TEIs) by provider type 1998-2004



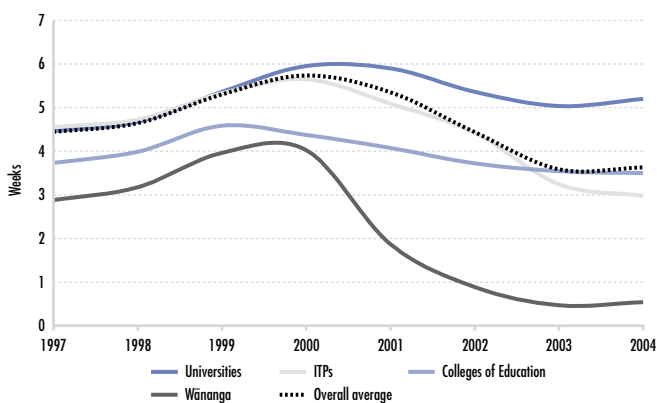
Source: Ministry of Education

The share of the total cost of tertiary education borne by TEI students rose from 27 percent in 1998 to 33 percent in 2000, but fell back to 26 percent by 2004 as a result of fee stabilisation and rising subsidy rates.

Fee stabilisation has meant that tertiary education has become more affordable since 2000. Figure 6 compares the average weekly wage in New Zealand from 1997 to 2003 with the average fee charged for a full year's study for a full-time student at a TEI.

- In 2000, the average full-year, full-time tuition fee at a TEI was equivalent to nearly six weeks' gross earnings at the average weekly wage. By 2003, it was equivalent to less than four weeks.
- In 2000, the average full-year, full-time tuition fee at a university was equivalent to six weeks' average earnings; by 2003, this had dropped to five weeks.

Figure 6 Ratio of average domestic student fees at TEIs to average weekly income 1997-2004



Source: Ministry of Education and Statistics New Zealand

1.7 The role of the Student Loan Scheme

The Student Loan Scheme plays an important role in supporting the government's goals for tertiary education and hence its social and economic goals. Introduced in 1992, the scheme is designed to support the participation of all New Zealanders in tertiary education by providing students with access to finance for tuition fees and other education-related costs.

The Student Loan Scheme was a key factor contributing to the rise in tertiary education participation over the 1990s. This is because, with the introduction of the Student Loan Scheme, the government was able to provide funding for more student places in TEOs. In the absence of the funding provided by the Student Loan Scheme, many TEOs would have been likely to have limited entry to courses.

Repayment of a loan is income-contingent, which means that borrowers are not required to repay any money until they earn sufficient income⁸. The repayment threshold is currently \$16,588, which increased from \$16,172 on 1 April 2005. The amount of repayment required in any income year is determined by the amount of income earned over this threshold. The minimum rate of repayment is 10 cents per dollar earned over the repayment threshold. Voluntary repayments can also be made at any time and are encouraged. The scheme also recognises that some borrowers may not be earning sufficient income to allow them to meet the interest charged each year. If this is the case, borrowers may qualify for an interest write-off⁹.

There are three elements to the management of the Student Loan Scheme.

The major policy decisions affecting the entitlement to student loans are made by the Cabinet. The Ministry of Education provides the government with support on Student Loan Scheme policy.

The administration and delivery of student loans is the responsibility of StudyLink, a service of the Ministry of Social Development. StudyLink works in co-operation with secondary schools, tertiary education providers and student bodies to ensure that students get the finance they are entitled to so they can complete their study. Students apply to StudyLink for a loan and enter into a contract with the government to receive that loan through StudyLink.

The assessment and collection of student loans by Inland Revenue is provided for under the Student Loan Scheme Act 1992. The Student Loan Scheme Act covers the loan collection responsibilities of Inland Revenue as well as the transfer of loans from StudyLink, and includes:

- collection of repayments
- offences and penalties
- regulations covering the interest rate and the repayment thresholds, and
- interest write-off provisions.

The legislation also provides for borrowers to object to their loan assessment before the loan is transferred to Inland Revenue.

⁸ The exception to this is Student Loan Scheme borrowers who live overseas (ie non-resident for tax purposes).

⁹ See Interest Write-offs in Appendix 1.

1.8 Ongoing work in the area of student support and related areas

In the discussion document *Student Support in New Zealand*¹⁰, published in September 2003, the government identified a number of principles that will underpin any future changes to student support. The principles are:

- to maintain high levels of participation in, and completion of, tertiary education
- to ensure that New Zealand's tertiary education system makes the best possible contribution to national development
- to ensure equity and fairness
- to ensure that government investment in student support and tertiary education is financially sustainable
- to ensure that tertiary education is affordable for students, and
- to ensure consistency with the wider social-assistance system.

These principles, and the submissions that the government received in response to the discussion document, informed student support policy changes that were introduced in Budgets 2004 and 2005 and will inform future policy development in this area.

A focus of this ongoing work will be on working towards making the system fair and reducing the rate of increase in the aggregate level of the student loan balance. Other issues that arise from analysis of the integrated dataset on Student Loan Scheme borrowers will also inform future work in this area.

1.9 New student support initiatives announced in Budget 2005

One of the objectives of the student support initiatives for Budget 2005 was to help reduce the increase in aggregate student loan balances. Many of the initiatives in Budget 2005 were directed at improving the student allowances scheme. Those changes will benefit thousands of students who are expected to borrow less under the Student Loan Scheme as a consequence. The key changes in student support that were announced were:

- increasing personal and joint income thresholds for student allowances. Previously students whose earnings were over the income limit were not eligible for a student allowance, whereas now the allowances entitlement will be reduced/abated by one dollar for every dollar earned over the income limit. This will be implemented from 1 January 2006.

These changes to the treatment of personal income will allow students to earn more without losing their entitlement to student allowances. This will reduce the amount of money drawn down under the Student Loan Scheme as students will be likely to top up their partial allowances with student loan borrowings.

- increasing the student allowances parental income threshold adjustment for families with more than one student and introducing a student allowances parental income threshold adjustment for separated parents. This will be implemented from 1 January 2006.

As a result of this move, more students will be eligible for allowances and some students will be entitled to higher allowances. This change will reduce the need for these students to borrow through the Student Loan Scheme.

- establishing a pilot student finance advisory service.

This new service will be provided particularly to first-time student loan borrowers to assist them to make fully-informed decisions about their study choices and the financial commitment they are entering into. StudyLink will provide this new service to around 15,000 students next financial year (2005/06), rising to 20,000 students once the service is fully established in 2006/07. It is expected that this service will assist students to make better decisions, reduce some borrowing, and reduce the level of non-completions due to financial difficulties.

- increasing the trainee medical intern grant for sixth-year medical students.

Increasing the trainee medical intern grant by \$10,000 will reduce student loan borrowing by providing a living allowance for all sixth-year medical students.

- introducing bonded, merit-based scholarships for New Zealand's most academically capable students.

These scholarships will help reduce borrowing while providing the recipients with an additional incentive to remain in New Zealand after study.

- expanding the integrated dataset on Student Loan Scheme borrowers.

This will improve information on tertiary student support and will contribute to overall understanding of the employment outcomes of tertiary education.

These changes also follow on from the commitment made in the discussion document *Student Support in New Zealand* to make further improvements to student support progressively, as resources allow.

¹⁰ More detailed information on *Student Support in New Zealand* can be found at www.minedu.govt.nz/goto/tertiarystudentsupport.



CHAPTER TWO

THE STUDENT LOAN SCHEME IN 2004

Key Statistics – Current Borrowers

For the academic year 2004

- 53 percent of eligible students accessed a student loan in 2004.
- 74 percent of eligible full-time students accessed a student loan in 2004.
- 15 percent of eligible part-time students accessed a student loan in 2004.
- 90 percent of borrowers in 2004 were full-time students. They borrowed 96 percent of all borrowings.
- 157,032 students borrowed from the Student Loan Scheme. Of these:
 - 55,379 were borrowing for the first time since 1999
 - 60 percent of borrowers were female
 - 71 percent of borrowers were under 30 years of age
 - 17 percent of borrowers were Māori, and
 - 7 percent were Pasifika.
- Of the 157,032 borrowers:
 - 90 percent were full-time students. They borrowed 96 percent of all borrowings, and
 - 93 percent borrowed fees.
- The median amount borrowed was \$5,424.

Key Trends

- Student loan borrowing in 2004/05 was \$975 million, down from \$997 million in 2003/04. This is the first decrease since 1998/99 and is due to the increased number of part-time students. They have lower entitlements under the scheme, face lower fees and are more inclined to finance their studies from other sources.

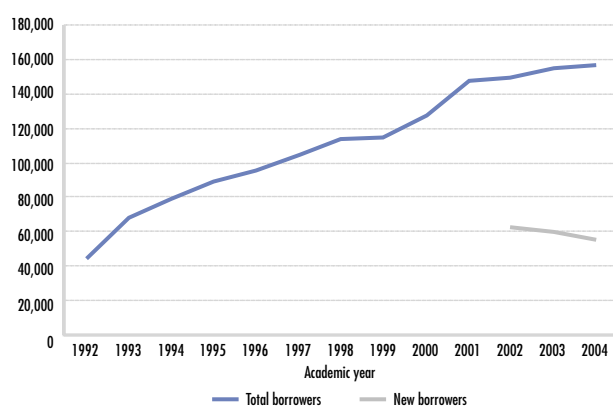
2.0 Introduction

The information in this chapter is largely drawn from the Ministry of Social Development. It is focused on those who used the Student Loan Scheme in 2004 and compares information on those current borrowers with information on students who borrowed in earlier years.

2.1 Uptake of student loans in 2004

In 2004, 157,032 students¹¹ borrowed under the Student Loan Scheme, a similar level to 2003. A total of 44,202 students borrowed in 1992, the first year of operation of the scheme.

Figure 7 (Tables 36 & 38) Student loan borrowers in each academic year 1992-2004



Source: Ministry of Education and Ministry of Social Development

2.2 New borrowers 2002 to 2004

In this report, the term 'new borrowers' refers to those student loan borrowers who have not used the Student Loan Scheme since 2000¹². There will be a small number of people described as new borrowers in 2002, 2003 or 2004 under this definition who had borrowed during the 1990s but had not used the scheme again until after 2000. As a result, a degree of caution is needed in drawing conclusions from the analysis of new borrowers that follows.

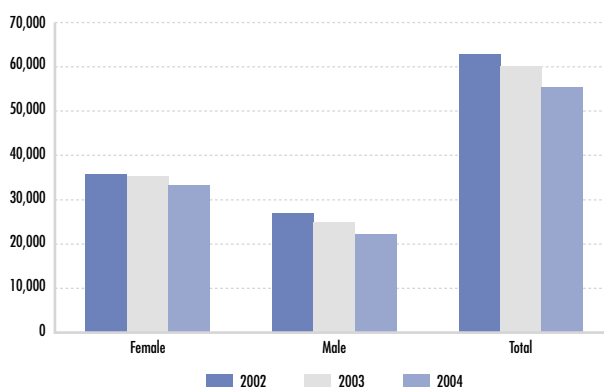
Between 2002 and 2004, the number of new borrowers fell each year, with the total drop being 13 percent over that period. This fall occurred despite a rise in the numbers undertaking tertiary education for the first time, from 76,182 in 2000 to 115,004 in 2004.

One reason for the fall could be that an increasing proportion of those contributing to the rise in first-time enrolments has been in the workforce the year before entering study (rather than moving to tertiary study from school) and so may be less likely to need to borrow. Another reason could be the increase in part-time students over the same period.

¹¹ For the purpose of this chapter, a student is defined as a person who received at least one payment from StudyLink in the year specified.

¹² Because of data structure changes that occurred when the administration of loan accounts transferred in 2000 to the Department of Work and Income (now part of the Ministry of Social Development), it is not possible to match borrowing records of those who used the scheme in the 1990s with those who borrowed in 2000 and subsequent years.

Figure 8 (Table 39) New borrowers by gender and total 2002-2004



Note: This data is provisional.

Source: Ministry of Social Development

Table 2 (Table 38) Age of new borrowers 2002-2004

	2002	2003	2004
20 and under	26,856	26,664	26,316
21 - 26	12,320	11,036	8,949
27 - 50	21,343	20,549	18,172
Over 50	2,244	1,882	1,942
Total	62,763	60,131	55,379

Note: This data is provisional.

Source: Ministry of Social Development

The most significant age group of new borrowers is those aged 20 years and under. They make up 43 percent of the total new borrowers in 2002, growing to 48 percent in 2004.

Table 3 (Table 40) Ethnicity of new borrowers 2002-2004

	2002	2003	2004
European	31,764	26,286	24,633
Māori	11,564	9,402	8,031
Pasifika	4,371	3,680	3,332
Asian	5,875	5,711	6,093
Other	2,599	2,154	1,299
Unspecified or 3 or more ethnicities	11,199	16,443	14,831

Notes:

1. A student identifying with two ethnic groups has been counted in each group.
2. This data is provisional.

Source: Ministry of Social Development

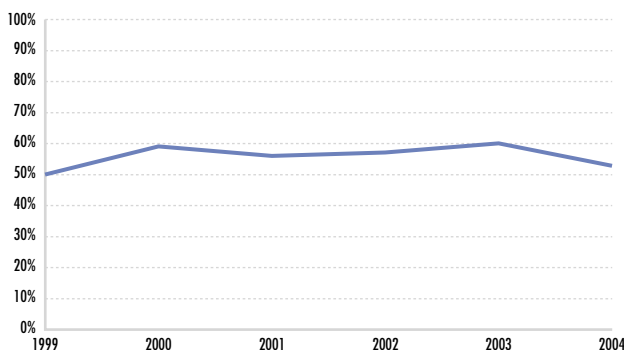
2.3 Uptake of student loans and eligibility

The proportion of eligible students who drew down a student loan increased between 1999 and 2003 but fell in 2004.

In 1999, the uptake rate was 50 percent. It rose to around 60 percent of eligible students in 2003 then fell to 53 percent in 2004.

The fall in the uptake rate in 2004 is a result of policy changes that took effect in that year. In 2004, some part-time, part-year students became eligible to use the Student Loan Scheme. This meant that a larger number of students were eligible to apply for a loan. However, because part-time, part-year students face lower costs and often are able to afford to finance their study themselves, a relatively small proportion of them use the Student Loan Scheme to finance their studies. Also the \$50 administration fee may have dissuaded part-time, part-year students from taking out a loan. The uptake rate in 2004 among full-time students was 74 percent.

Figure 9 Uptake rates of student loans 1999-2004



Note: Also see Table 36.

Source: Ministry of Education and Ministry of Social Development

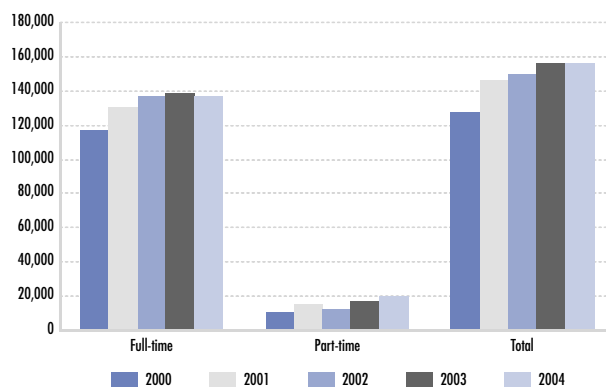
2.4 Student loan borrowers by study status (full-time/part-time)

From 2004, loan eligibility was extended to include part-time, part-year students studying a course load of 0.3 EFTS units or more. These part-time, part-year students are entitled to borrow their tuition fees only.

Access to student loans was further extended to part-time, part-year students with vocational restrictions in 2005. The new category only applies to students whose study load is at least 0.25 EFTS units, but less than 0.3 EFTS units.

Despite the fact that 36 percent of all domestic students in 2004 were studying on a part-time basis, only 15 percent of 2004 borrowers were part-time students.

Figure 10 (Table 41) Borrowers by study status 2000-2004



Source: Ministry of Education and Ministry of Social Development

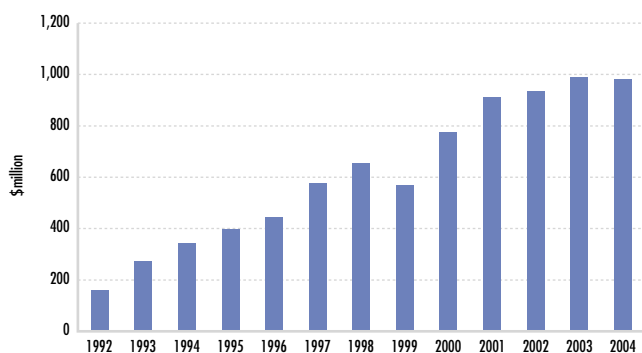
2.5 Total student loan borrowings

The total amount borrowed each year grew significantly between 1993 and 1998 from \$160 million to \$654 million, as the scheme phased in and as enrolments expanded. The increase in the amount borrowed was also a consequence of the steady rise in fee levels over that period. In 1999, the course-related costs entitlement was reduced, leading to a fall in aggregate borrowing that year. The reduction in that entitlement was reversed a year later and contributed to total borrowing rising by 37 percent between 1999 and 2000 (from \$566 million to \$776 million).

Since 2001, the aggregate amount borrowed has been relatively stable, growing by 2.8 percent in 2002 (to \$934 million) and 5.6 percent in 2003 (to \$987 million) before falling 0.4 percent in 2004 (to \$983 million). There are three main reasons for the reduction in the growth in borrowing:

- The government controls on fees since 2001 mean that fees – the largest component of borrowing – have been relatively stable.
- Enrolment growth has begun to taper off, reducing the increase in the numbers enrolled in loan-eligible qualifications.
- There has been a trend towards enrolment by part-time students (who have smaller entitlements and who are more likely to finance their studies privately).

In 2000, 25 percent of enrolments in loan-eligible qualifications were by part-time students, while by 2004 the proportion was 36 percent.

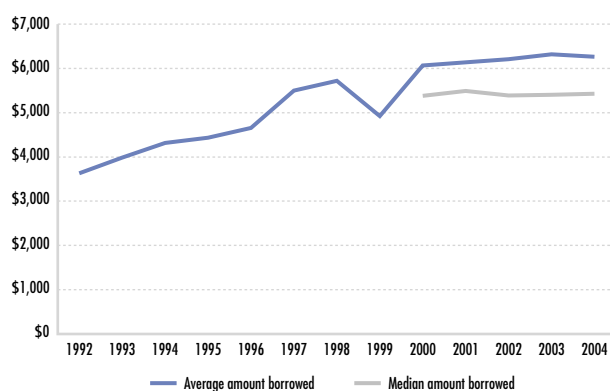
Figure 11 (Table 36) Aggregate loan borrowing 1992-2004

Source: Ministry of Social Development and Ministry of Education

2.6 Average and median annual amount borrowed from StudyLink

The average amount borrowed fell in 2004 by 1.7 percent from \$6,316 in 2003 to \$6,258 in 2004. The average was \$6,204 in 2000. The main reason for the decline in 2004 in average borrowing was the increase in the proportion of borrowers who are studying on a part-time basis. The median amount borrowed in 2004 was \$5,424.

The average amount borrowed¹³ showed a steady increase between 1992 and 1998, in part reflecting increases in student fees. The decrease in average borrowing for 1999 was due to the decrease in the maximum course-related costs entitlement from \$1,000 in 1998 to \$500 in 1999¹⁴ and to other changes which restricted the purposes for which finance from the scheme could be used¹⁵. Average borrowing increased again in 2000 when some of the changes made in 1999 were rescinded (notably the reduction in course-related costs entitlement and the removal of the right to borrow compulsory student services levies and students' association fees). The fee stabilisation policy implemented in 2001 meant that tuition fees charged by most tertiary education providers did not increase in those years. From 2004, fees were regulated by the Fee and Course Cost Maxima (FCCM) policy. Under the FCCM policy, TEOs were permitted to increase fees, but within limits.

Figure 12 (Table 37) Average and median amount¹⁶ borrowed 1992-2004

Note: The decrease in average borrowing for 1999 was due to the decrease in the maximum course-related costs entitlement from \$1,000 in 1998 to \$500 in 1999.

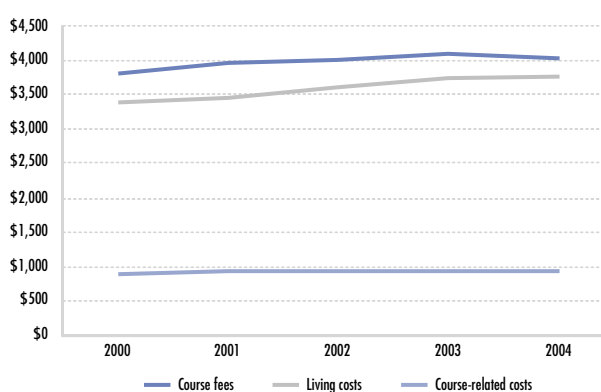
Source: Ministry of Social Development

13 The average amount borrowed includes all amounts drawn down from a loan account (but excludes the \$50 administration fee and the interest charged) and is calculated by dividing the total amount borrowed in that year by the number of students borrowing in that year. The \$50 administration fee and interest are not included as they are not linked to any particular period of study, but are charged to the loan account as a whole in each year of borrowing.

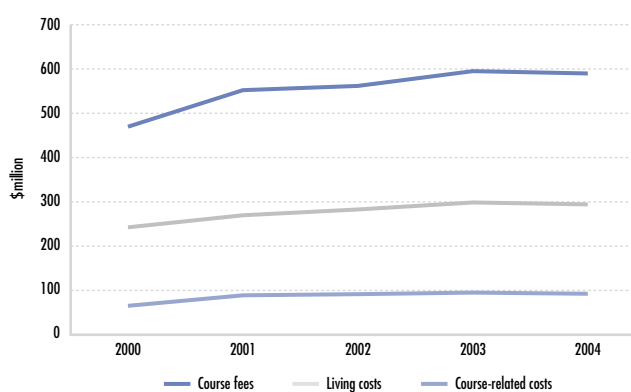
2.7 Loans by component 2000 to 2004

Most borrowers use the Student Loan Scheme to pay the compulsory fees charged by the tertiary education provider. Ninety-three percent of all borrowers used the scheme to pay fees in 2004, while 62 percent drew money from the scheme to help meet course-related costs. Those who borrowed fees in 2004 represented 49 percent of those eligible to do so. Over each of the years between 2000 and 2004, about 60 percent of all money drawn from the scheme was used to pay fees, while the amount drawn for course-related costs has varied between 8.4 percent and 9.7 percent.

The average amount borrowed to pay fees has not changed much over the period 2000 to 2004. In part, this trend reflects the government's fee stabilisation policy, introduced in 2000, and also the higher incidence of part-time enrolments in tertiary education. The trends are represented in Figure 13.

Figure 13 (Table 42) Average amount drawn by loan component 2000-2004

Source: Ministry of Education and Ministry of Social Development

Figure 14 (Table 42) Total amount drawn by loan component 2000-2004

Source: Ministry of Education and Ministry of Social Development

Only full-time borrowers are entitled to use the scheme to borrow money to help meet living costs. The proportion of borrowers who drew living costs from the scheme in 2004 was 50 percent. That figure represented 41 percent of all full-time students eligible to borrow, while around 30 percent of all drawings over the years 2000 to 2004 were for living costs.

14 The entitlement was changed back to \$1,000 in 2000.

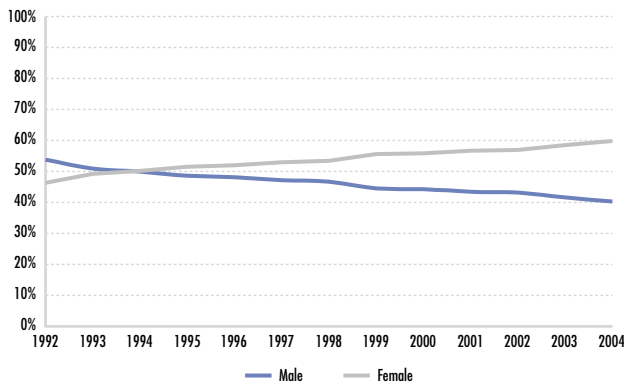
15 Living costs were paid in fortnightly instalments instead of lump sums and students' association fees were no longer payable from the scheme. (This last change was rescinded in 2000.)

16 All financial data is expressed in nominal dollars without adjustment for inflation.

2.8 Student loan borrowers by gender

There are significantly more females than males enrolled in tertiary education. In 2004, almost 59 percent of tertiary students were female, compared with 52 percent in 1994. The gap between the proportion of male and female Student Loan Scheme borrowers broadly matches the gender balance in enrolments; the proportion of female borrowers in 2004 reached almost 60 percent. As women have increased their share among students over time, the proportion of female borrowers has moved in the same way.

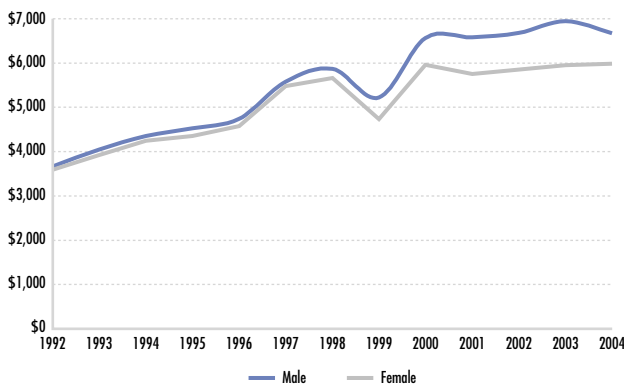
Figure 15 (Table 43) Percentage of borrowers by gender 1992-2004



Source: Ministry of Social Development

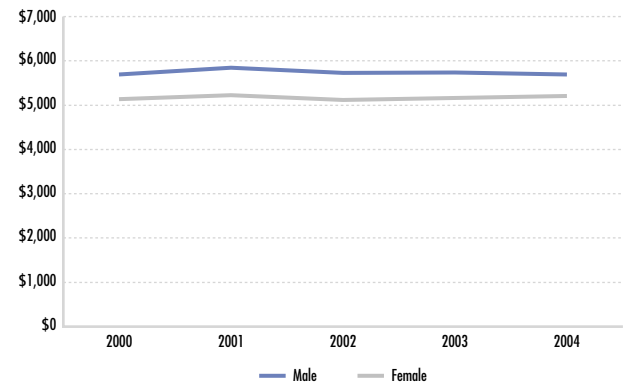
While men and women are equally likely to borrow through the Student Loan Scheme, women tend to borrow slightly less.

Figure 16 (Table 44) Average annual amounts borrowed by gender 1992-2004



Source: Ministry of Social Development

Figure 17 (Table 44) Median annual amounts borrowed by gender 2000-2004



Source: Ministry of Social Development

While women have borrowed less than men on average in each year since the scheme began, women leave their studies with loan balances that are comparable with, or more than, men's balances. Table 4, drawn from the integrated dataset on Student Loan Scheme borrowers, gives the leaving balances of men and women in the years 1992 to 2001.

Table 4 Student loan balances when students leave their studies 1992-2001

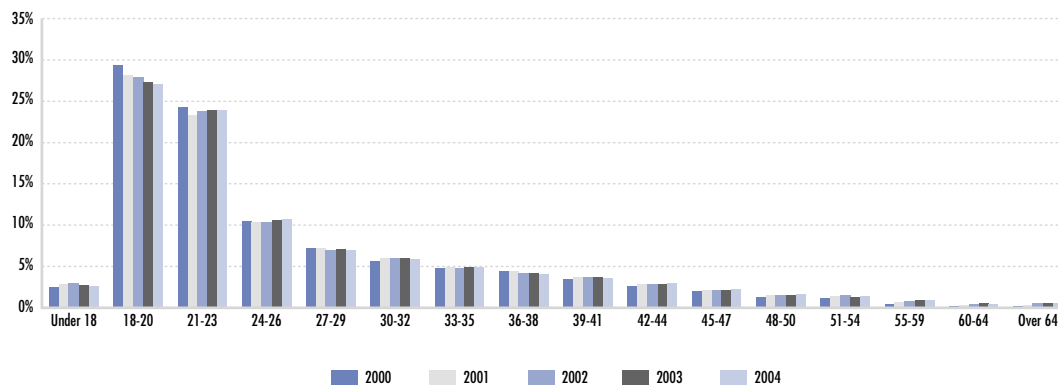
Last year studied	Borrowers			Median leaving loan balance		
	Male	Female	Total	Male	Female	All
1992	6,948	5,904	12,852	\$3,140	\$3,190	\$3,170
1993	10,245	9,093	19,338	\$4,510	\$4,650	\$4,570
1994	13,086	12,642	25,728	\$5,880	\$5,930	\$5,910
1995	14,550	14,757	29,307	\$6,720	\$6,580	\$6,650
1996	15,258	15,483	30,741	\$7,450	\$7,570	\$7,500
1997	14,211	15,003	29,214	\$8,730	\$9,150	\$8,960
1998	18,198	18,876	37,074	\$9,770	\$10,010	\$9,900
1999	20,148	23,058	43,206	\$9,430	\$8,940	\$9,160
2000	20,907	25,086	45,993	\$9,550	\$8,640	\$9,130
2001	25,242	30,633	55,875	\$9,750	\$8,780	\$9,250
Total	158,793	170,535	329,328			

Source: Statistics New Zealand Integrated Dataset on Student Loan Scheme Borrowers

The reason women's balances tend to be somewhat higher, despite lower borrowing each year, is that women have a higher rate of completion of tertiary education qualifications and are more likely to be enrolled at degree level, and hence are more likely to remain longer in study.

2.9 Student loan borrowers by age

The following graphs show the profile of all student loan borrowers by age at the time when the loan was advanced. Seventy-one percent of all current student loan borrowers are under the age of 30 and 2 percent are 55 or over. While the proportion of borrowers aged 55 and over is small, the numbers borrowing in this age group have increased significantly since 2000, from 1,136 borrowers to 3,114 borrowers in 2004, a rise of 174 percent.

Figure 18 (Table 45) Percentage of all borrowers by age 2000-2004

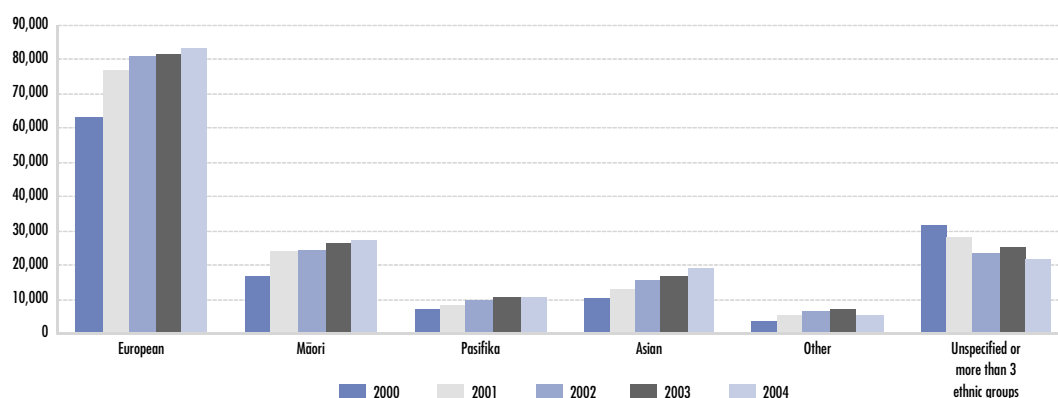
Source: Ministry of Social Development

2.10 Student loan borrowers by ethnic group

In 2004, 20 percent of borrowers with declared ethnicity were Māori (the same as in 2003), compared with 18 percent in 2000. The 2004 figure is comparable with the proportion of all students who were Māori (20 percent).

Of those with declared ethnicity, 7.9 percent were Pasifika in 2004 (the same as in 2003), compared with 7.7 percent in 2002 and 7.2 percent in 2000. Pasifika peoples represented 6.3 percent of those formally enrolled in tertiary education during 2004. The number of Pasifika students borrowing is increasing, having risen by 2.4 percent from 10,367 in 2003 and 10,629 in 2004.

Figure 19 (Table 46) Total student loan borrowers by ethnic group 2000-2004



Note: A student identifying with up to three ethnic groups has been counted in each group.

Source: Ministry of Social Development

Table 5 Average amount borrowed each year by ethnic group 1992-2004

Ethnic Group	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
European	\$3,767	\$4,111	\$4,450	\$4,577	\$4,811	\$5,704	\$5,889	\$5,048	\$6,136	\$6,215	\$6,393	\$6,653	\$6,574
Māori	\$3,122	\$3,461	\$3,837	\$3,994	\$4,325	\$5,338	\$5,557	\$4,613	\$5,777	\$5,802	\$5,734	\$5,759	\$5,716
Pasifika	\$3,168	\$3,734	\$4,157	\$4,376	\$4,841	\$5,836	\$6,298	\$5,278	\$6,387	\$6,143	\$6,260	\$6,358	\$6,310
Asian	\$3,573	\$4,023	\$4,269	\$4,145	\$3,996	\$4,490	\$4,875	\$4,645	\$5,842	\$6,174	\$6,547	\$6,507	\$6,409
Other	\$3,064	\$3,801	\$4,105	\$3,690	\$3,993	\$4,807	\$5,252	\$4,909	\$5,955	\$5,927	\$6,092	\$5,904	\$5,819

Notes:

1. This table excludes those with ethnicity not known or not declared.
2. In this table, for the years prior to 2000, data relating to borrowers identifying with more than one ethnic group has been assigned to a single group. For subsequent years, borrowers identifying with more than one ethnic group are assigned to each of those groups.

Source: Ministry of Education and Ministry of Social Development

On average, Māori have borrowed less than students in other ethnic groups, reflecting:

- the high proportion of Māori enrolled in qualifications with zero fees
- the number who have access to fee support through such schemes as the Manaaki Tauira scholarships, and
- the higher propensity of Māori to enrol in qualifications at certificate level which are associated with lower borrowing.

2.11 Students who borrowed fees by provider type

Just under half of all those who borrowed fees under the compulsory fees component of the Student Loan Scheme in 2004 were enrolled at universities. This proportion has remained relatively stable since 2000.

The uptake of loans at wānanga is significantly lower than at other provider types, reflecting the availability of zero fee qualification at wānanga and the high proportion of wānanga students enrolled on a part-time basis.

Table 6 Students who borrowed fees by provider type 2000-2004

	2000	2001	2002	2003	2004
Universities	62,273	66,635	69,653	71,982	73,183
IITPs	37,768	39,720	40,452	40,767	39,196
Colleges of Education	5,189	5,307	5,445	5,556	5,434
PTEs	17,754	27,007	23,537	25,924	26,973
Wānanga	2,100	2,895	3,118	3,564	3,783
Total	125,084	141,564	142,205	147,793	148,569

Notes:

1. The totals differ from Table 7 because not all students borrow fees.
2. From 2000, loan components other than fees were not recorded by provider type.
3. A student studying at more than one provider type has been counted in each provider type.
4. The figures on this table are different from earlier Student Loan Scheme Annual Reports, due to an error in figures shown in these earlier reports.

Source: Ministry of Social Development

2.12 Students who borrowed by loan component

Table 7 identifies how many of all students who accessed the Student Loan Scheme accessed each of the components and how many borrowed the fee component only.

Table 7 Student loan borrowers by type of borrowing 2000-2004

Year	Number of students	Number borrowing fees	Number borrowing course-related costs	Number borrowing living costs	Number borrowing fees only
2000	128,107	122,833	72,591	70,982	30,245
2001	148,142	138,334	94,319	77,405	30,574
2002	150,526	139,323	96,563	77,699	31,426
2003	156,250	144,678	101,664	79,373	31,945
2004	157,032	145,549	98,506	77,507	36,207

Note: This data is provisional.

Source: Ministry of Social Development

2.13 Student loan borrowers by level of qualification and component

As noted elsewhere in this report, men tend to borrow more than women each year. Table 8 also illustrates the difference between the borrowing levels of men and women. In 2004, the difference was especially marked in the case of diplomas, where men borrowed on average \$7,434, compared with \$5,755 for women. To a large extent, the difference reflects the numbers of male students enrolling in diploma-level qualifications in applied or vocational areas that have higher fees and/or course costs.

Table 8 (Table 49) Student loan borrowers by level of qualification, gender, proportion of borrowers and borrowings, average and total amounts borrowed 2004

Qualification level		Number of students	Total borrowed \$million	Average amount borrowed	Proportion of all loan borrowers	Proportion of total borrowed	Compared with average borrowings
Doctorate	Female	430	2	\$5,560	0.3%	0.2%	86.9%
	Male	520	3	\$5,777	0.3%	0.3%	90.3%
	Total	950	5	\$5,679	0.6%	0.5%	88.7%
Masters, Honours, Postgraduate Cert, Postgraduate Dip	Female	5,824	33	\$5,827	3.5%	3.2%	91.0%
	Male	4,252	28	\$6,613	2.5%	2.6%	103.3%
	Total	10,076	62	\$6,158	6.0%	5.8%	96.2%
Bachelors Degrees, Graduate Cert, and Diplomas	Female	47,834	314	\$6,577	28.5%	29.3%	102.7%
	Male	33,129	233	\$7,044	19.8%	21.8%	110.0%
	Total	80,963	547	\$6,768	48.3%	51.1%	105.7%
Diplomas	Female	13,715	78	\$5,755	8.2%	7.4%	89.9%
	Male	8,783	65	\$7,434	5.2%	6.1%	116.1%
	Total	22,498	144	\$6,410	13.4%	13.4%	100.1%
Certificates	Female	32,207	182	\$5,668	19.2%	17.0%	88.5%
	Male	19,988	124	\$6,232	11.9%	11.6%	97.4%
	Total	52,195	307	\$5,884	31.2%	28.6%	91.9%
Other	Female	498	2	\$5,889	0.3%	0.3%	92.0%
	Male	374	2	\$7,609	0.2%	0.3%	118.9%
	Total	872	5	\$6,626	0.5%	0.5%	103.5%
Total		167,554	1,072	\$6,401	100%	100%	100%

Notes:

1. A student studying at more than one qualification level has been counted in each qualification level.
2. Data in this table is provisional.

Source: Ministry of Social Development

2.14 Student loan borrowers by loan component and ethnic group

The table below gives a breakdown of each ethnic group's borrowing in each student loan component.

Table 9 Student loan borrowers by ethnic group, amount and component borrowed 2004

	Number of students	Course fees \$million	Course-related costs \$million	Living costs \$million	Administration fees \$million	Total amount borrowed \$million
European	87,853	343	51	186	4	585
Māori	29,868	113	24	44	2	182
Pasifika	11,502	42	9	23	1	75
Asian	20,871	88	8	39	1	137
Other	5,512	22	3	9	0	35
Unspecified or 3 or more ethnic groups	23,071	79	13	36	1	131

Note: A student identifying with two ethnic groups has been counted in each group.

Source: Ministry of Education and Ministry of Social Development

2.15 Comparison of loans with allowances

In 2004, there were 20,555 people who borrowed living costs under the Student Loan Scheme and who also received student allowances, compared with 21,862 in 2003. The decline reflects the reduction in the uptake of allowances in 2004 and also the trend towards an increase in the number of part-time enrolments.

Those who borrowed for living costs and also received allowances represented 17 percent of all 2004 borrowers, compared with 14 percent the previous year, and 26 percent of all who borrowed under the living costs entitlement. Conversely, 49 percent of allowances recipients used the Student Loan Scheme to supplement their living costs in 2004, compared with 34 percent in 2003.

Table 10 Student allowances compared with student loan living costs (LC) borrowings 2004

	Number of students	Allowances received \$million	Living costs borrowed \$million	Total Allowances + LC \$million	Average Allowances \$	Average Living Costs \$	Average Allowances + LC \$
Student Allowances only	40,271	271	0	271	6,742	0	6,742
Student Allowances and Living costs	20,555	112	36	149	5,460	1,765	7,225
Living costs only	57,335	0	257	257	0	4,489	4,489
TOTAL (Living costs and/or Allowances)	118,161	384	294	677	3,247	2,485	5,733

Source: Ministry of Education and Ministry of Social Development

Those who received student allowances only received \$6,742 on average in 2004. Those who also used the living costs entitlement under the Student Loan Scheme borrowed \$1,765 on average and received \$7,225 under both schemes on average, while those who relied solely on the living costs entitlement under the Student Loan Scheme received \$4,489 during the year on average.



CHAPTER THREE

THE STUDENT LOAN SCHEME – LOAN BALANCES AND PEOPLE WITH STUDENT LOANS

Key Statistics – All Borrowers

At 30 June 2005

- The total student loan balance was \$7,499 million, taking into account the provision for doubtful debt, consisting of:
 - \$6,675 million held by Inland Revenue, and
 - \$825 million held by the Ministry of Social Development.
- 445,074 borrowers had loan balances held by Inland Revenue.
- Approximately 680,000 people have used the Student Loan Scheme at some time, since 1992.
- The median cumulative student loan balance was \$10,404.
- Since the Student Loan Scheme began:
 - \$2,827 million has been repaid
 - 173,168 loans have been completely repaid, and
 - \$1,030 million in interest charges has been written off.
- Almost 316,000 borrowers benefited from an interest write-off in the year ending 31 March 2005. \$232 million in interest was written off for that period.

Key Trends – All Borrowers

- By 2016, it is expected that total annual repayments will exceed total annual drawdowns through the Student Loan Scheme.
- Student loan repayments are continuing to increase. By 2000, 19 percent of the total accumulated student loan balance had been repaid. It is expected that 27 percent will be repaid by the end of 2005 and 42 percent by 2015.
- Over time, an increased rate of student loan borrowers are returning from overseas. By 30 June 2005:
 - about 70 percent of borrowers who left in 1996, 1997 and 1998 had returned to New Zealand, and
 - more than 50 percent of borrowers who left in 2000 to 2003 had returned to New Zealand.

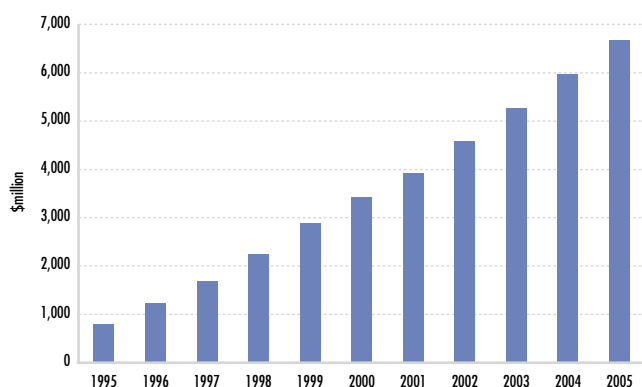
3.0 Introduction

The following information is largely drawn from Inland Revenue sources and focuses on people who have a student loan balance. This includes people who used the scheme in 2004 and those who have left study and still have a student loan.

3.1 The aggregate student loan balance

At 30 June 2005 the total student loan balance was \$7,499 million, which takes into account the provision for doubtful debt (\$1,035 million). The gross sum represents \$6,675 million held by Inland Revenue and \$825 million held by the Ministry of Social Development. The total loan balance held by Inland Revenue increased by \$709 million (12 percent) during the year¹⁷.

Figure 20 (Table 53) Nominal value of student loans held by Inland Revenue at 30 June 1995-2005



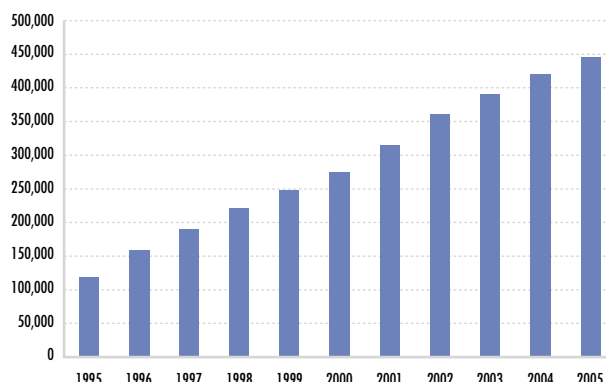
Source: Inland Revenue

3.2 Number of borrowers with Inland Revenue

As the Student Loan Scheme matures, and participation in tertiary education increases, a larger proportion of New Zealand's population can be expected to have student loan balances.

At 30 June 2005, 445,074 people had a student loan with Inland Revenue, an increase of 6 percent on the previous year and up by 38 percent at 30 June 2000. Those with loans at 30 June 2005 represented 14 percent of the population aged 15 and over, compared with 13 percent the previous year and 12 percent at 30 June 2003.

Figure 21 (Table 54) Borrowers with Inland Revenue at 30 June 1995-2005

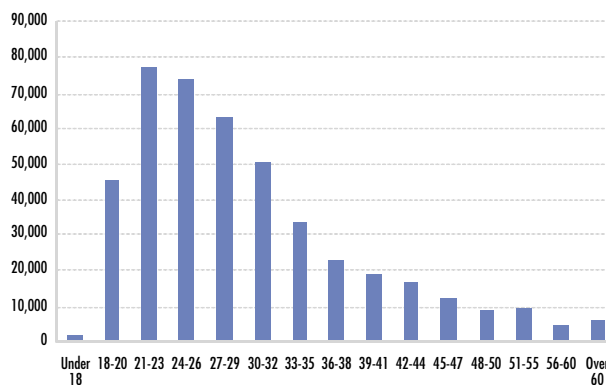


Source: Inland Revenue

Of those who had loan balances, 59 percent were under 30 years of age, with 91 percent being under 45 years and only 4.4 percent over 50 years. These proportions will change over time as the scheme matures and as the group of people who have made no progress in repaying their loans over an extended period get older.

Those under 30 years with student loans represented 31 percent of the population between 15 and 30 years while borrowers over 50 years were less than 2 percent of the whole population in that age range.

Figure 22 (Table 55) Borrowers with Inland Revenue by age at 30 June 2005



Source: Inland Revenue

¹⁷ The increase includes \$1,010.3 million of loan borrowings transferred from MSD to IRD between 1 July 2004 and 30 June 2005.

3.3 Median and average student loan balances with Inland Revenue

At 30 June 2005, the median student loan balance was \$10,404¹⁸, while the average student loan balance was \$14,997, an increase of 5.3 percent over the previous year.

The year-to-year change in the average loan balance depends on the combined effect of a number of factors, including:

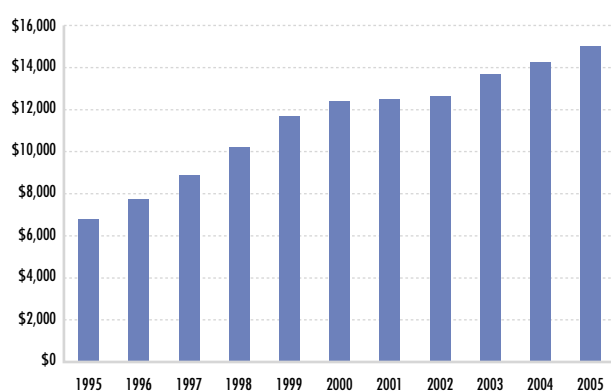
- the value of additional borrowings
- the number of new borrowers
- the value of repayments made, and
- the number of loans repaid or written off.

All four factors are increasing each year. The influence of each factor is different and so the combined effect on the average student loan balance can be unpredictable.

A recent household savings survey¹⁹ gives an idea of the scale of student loan balances in relation to other forms of debt. The survey showed that debt held by New Zealanders consisted of: student loans 5 percent, mortgages 80 percent, bank debt 10 percent and credit card debt 3 percent.

The median student loan balance of those surveyed (\$8,500) was higher than the median bank debt (\$3,000) and median credit card debt (\$1,000).

Figure 23 (Table 56) Average student loan balance with Inland Revenue at 30 June 1995-2005



Source: Inland Revenue

¹⁸ The median loan balance is calculated by ranking all loan balances from lowest to highest and selecting the middle value.

¹⁹ Conducted by Statistics New Zealand in 2001 for the Retirement Commission. Refer to Statistics New Zealand and the Retirement Commission, (2002), *The Net Worth of New Zealanders – a Report on their Assets and Debts*, www.stats.govt.nz.

3.4 Range of student loan balances

There were 445,074 borrowers with a student loan balance held by Inland Revenue as at 30 June 2005, compared with 418,761 in 2004. The total of all loan balances at that date was \$6,675 million, an increase of \$709 million or 12 percent compared with the total at the end of June 2004. The following table shows the number and percentage of borrowers by the level of student loan balance held by Inland Revenue as at 30 June 2005.

Table 11 Range of loan balances held by Inland Revenue at 30 June 2005

Range of loan balances	Borrowers	Percentage	Cumulative percentage
\$1-\$1,999	44,942	10.1%	10.1%
\$2,000-\$3,999	43,532	9.8%	19.9%
\$4,000-\$5,999	48,483	10.9%	30.8%
\$6,000-\$7,999	43,416	9.8%	40.5%
\$8,000-\$9,999	37,441	8.4%	48.9%
\$10,000-\$14,999	70,002	15.7%	64.7%
\$15,000-\$19,999	43,475	9.8%	74.4%
\$20,000-\$24,999	32,811	7.4%	81.8%
\$25,000-\$29,999	22,328	5.0%	86.8%
\$30,000-\$34,999	17,370	3.9%	90.7%
\$35,000-\$39,999	11,999	2.7%	93.4%
\$40,000-\$44,999	8,816	2.0%	95.4%
\$45,000-\$49,999	6,008	1.3%	96.8%
\$50,000-\$54,999	4,128	0.9%	97.7%
\$55,000-\$59,999	2,926	0.7%	98.3%
\$60,000-\$79,999	5,380	1.2%	99.5%
\$80,000-\$99,999	1,436	0.3%	99.9%
over \$99,999	581	0.1%	100.0%
Total	445,074	100%	100%

Source: Inland Revenue

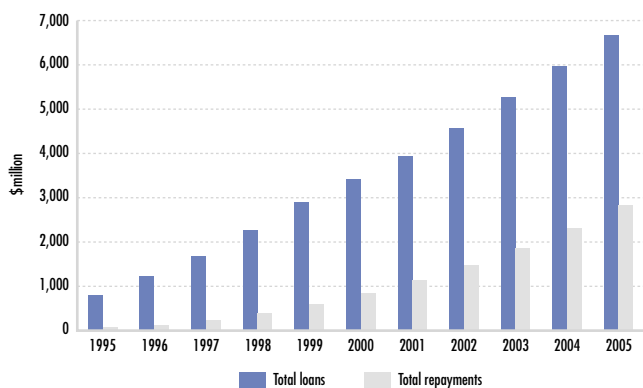
Forty-nine percent of all student loan balances are less than \$10,000. Balances of \$40,000 or more make up 6.5 percent of all loan balances.

Of the population aged 15 and over, 3.5 percent had a student loan balance of greater than \$20,000. This compares with 3.2 percent on 30 June 2004 and 2.5 percent on 30 June 2002.

3.5 Loan repayments made to Inland Revenue

The total value of loan repayments collected by Inland Revenue since the scheme began is \$2,827 million. \$1,503 million has been collected via employers through the PAYE system, while the balance (\$1,324 million) was received directly from borrowers. Repayments made directly include compulsory repayments made by self-employed borrowers and borrowers living overseas, as well as some voluntary repayments. The majority of repayments have been made under the compulsory repayment regime while the remainder comprise repayments made on a voluntary basis²⁰.

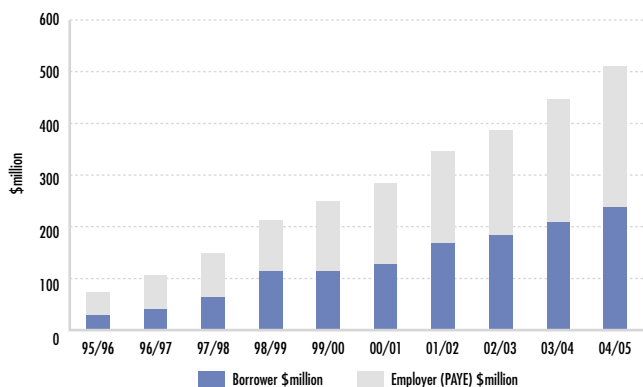
Figure 24 (Table 57) Cumulative student loan repayments received by Inland Revenue compared with aggregate loan balances 1995-2005



Source: Inland Revenue

Figure 25 shows the value of loan repayments received by Inland Revenue, split by borrower payments made directly and employer deductions, in each fiscal year.

Figure 25 (Table 58) Value of student loan repayments received by Inland Revenue: borrower/employer split 1995-2005

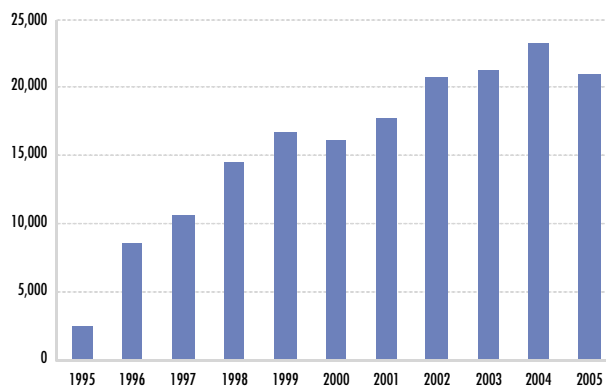


Source: Inland Revenue

By 2016, it is expected that total annual repayments will exceed annual drawdowns through the scheme.

The number of loans fully repaid in the 2004/05 financial year was 21,079. Since the scheme began, 173,168 loans have been repaid in full, which is more than 28 percent of all loans drawn down.

Figure 26 (Table 59) Number of loans repaid to Inland Revenue updated at 30 June 1995-2005



Note: Because a student loan account can be finalised after the end of the fiscal year, the number of loans repaid for an earlier year may change.

Source: Inland Revenue

3.6 Repayments and write-offs as a percentage of accumulated aggregate loan value

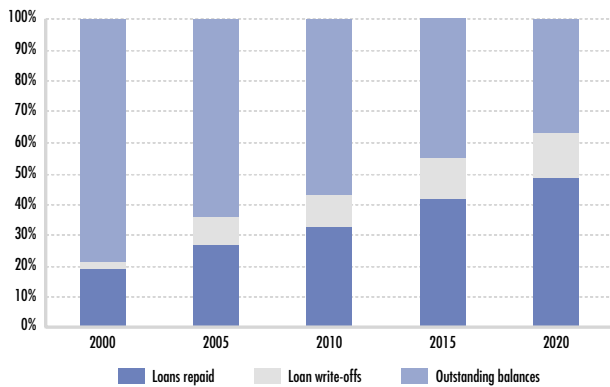
By 2000, 19 percent of all loan balances accumulated since 1992 (through drawdowns, interest and penalties) had been repaid and less than 2 percent had been written off. Seventy-nine percent of the aggregate accumulated loan balance remained as outstanding. As the scheme matures, these proportions will change:

- At the end of 2005, we expect that 27 percent will have been repaid and 9 percent written off. Sixty-four percent of the loan balance will remain outstanding.
- By 2015, it is forecast that 42 percent will have been repaid, more than 13 percent written off and less than 45 percent of the loan balance will be outstanding.
- By 2020, almost half is expected to have been repaid.

²⁰ It is not currently possible to calculate the amount of voluntary repayments made in a year.

Figures 27 and 28 show the trend in the value of the aggregate accumulated loan balance against the trend in repayment.

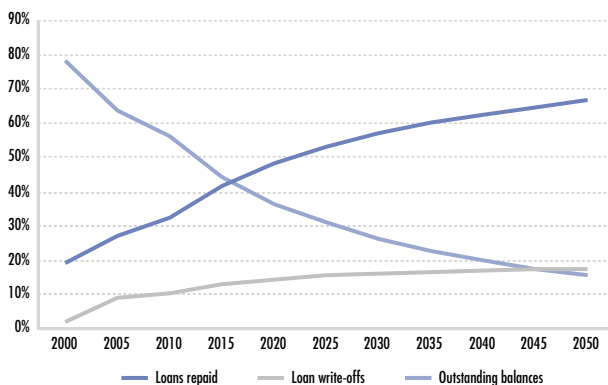
Figure 27 Proportion of loan repayments made, write-offs and outstanding loan balances 2000, 2005, 2010, 2015 and 2020



Source: Ministry of Education and Inland Revenue

Long-term projections suggest that by 2050 around 67 percent of the aggregate accumulated loan balance, including interest, penalties and drawings, will have been repaid, with 17 percent written off, and around 16 percent still outstanding

Figure 28 Proportion of loan repayments made, write-offs and outstanding loan balances 2000-2050



Source: Ministry of Education and Inland Revenue

3.7 Overdue loan repayments

If a borrower does not meet an annual repayment obligation by the due date, the amount becomes overdue. A penalty of 2 percent per month is charged on the overdue amount, including any outstanding penalties, until the overdue amount is fully repaid. Once penalties begin to apply, interest is no longer charged on the overdue repayment.

Table 12 Overdue loan repayments at 30 June 2002-2005

Borrowers with overdue loan repayments				
		Number	Total number	%
2002	In NZ	35,015	42,872	81.7%
	Overseas	7,857		18.3%
2003	In NZ	35,086	45,977	76.3%
	Overseas	10,891		23.7%
2004	In NZ	41,638	53,075	78.5%
	Overseas	11,437		21.5%
2005	In NZ	49,974	62,133	80.4%
	Overseas	12,159		19.6%
Overdue loan repayments				
		\$million	Total \$million	%
2002	In NZ	40.7	75.2	54.1%
	Overseas	34.5		45.9%
2003	In NZ	43.1	101.2	42.6%
	Overseas	58.1		57.4%
2004	In NZ	58.0	139.1	41.7%
	Overseas	81.1		58.3%
2005	In NZ	77.5	187.5	41.3%
	Overseas	110.0		58.7%

Source: Inland Revenue

The total amount overdue has increased from \$139.1 million in June 2004 to \$187.5 million in June 2005. This is an increase of 35 percent, a similar increase to previous years. The biggest contributor to this increase is overdue repayments owed by borrowers with non-resident tax status. The average overdue amount owed by non-resident borrowers at 30 June 2005 was \$9,047, which compares with \$1,551 owed by New Zealand borrowers.

The nature of the repayment obligations for non-resident borrowers is such that many repayment obligations are higher than those of borrowers still living in New Zealand. If the obligation remains unpaid, the penalties are calculated on a higher overdue amount, thereby accelerating the increase in overall amounts overdue.

Of the 25,091 borrowers with non-resident status on 30 June 2005, 12,159 (48 percent) had overdue repayment obligations. Non-resident borrowers owe 59 percent of the total overdue amount, yet they make up only about 20 percent of all borrowers with overdue repayments.

One of the contributing factors for the rising non-resident borrower overdue amount is the difficulty in maintaining contact with borrowers who are overseas. Other factors, such as working overseas for short periods to fund travel, can impede some borrowers' ability to pay.

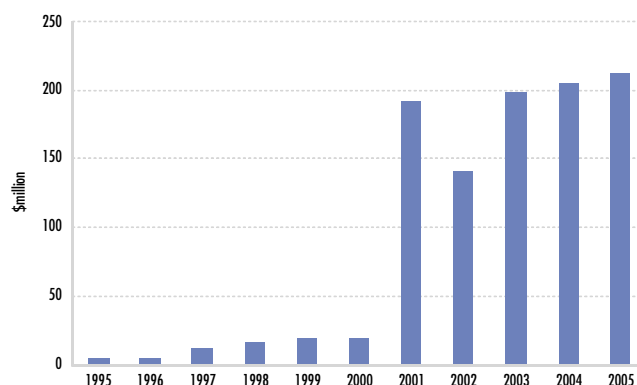
In May 2004, Inland Revenue launched an online credit card repayment service for student loan borrowers. While the service is available to all student loan borrowers, it is of most benefit to overseas-based student loan borrowers. Using a credit card is convenient and cost-effective, especially when compared with other repayment options available for those living overseas, such as telegraphic transfer. Since July 2004, over 4,000 payments have been made using credit cards, with a total value of more than \$4 million. The average amount per payment is just over \$1,000.

3.8 Interest write-offs

Since the beginning of the scheme, a total of \$1,029.9 million in interest charged has been written off. The number of borrowers entitled to an interest write-off has increased dramatically since the introduction in 2000/01 of full interest write-offs for full-time students and part-time students on low incomes. The income threshold for the full interest write-off for part-time students increased from \$26,140 in 2004/05 to \$26,799 for 2005/06. In 2000, the government also implemented the base interest reduction scheme or 50/50 rule (explained in Appendix 1) which also increased the number of write-offs.

The following graph shows total interest write-offs by fiscal year:

Figure 29 (Table 60) Value of interest write-offs at 30 June 1995-2005



Notes:

1. The data in this graph relates to fiscal years (ie years ending 30 June). The data in Figures 30 & 31 relates to tax years (ie years ending 31 March). Therefore there is an overlap between the fiscal year 2005 and the tax year 2006. Caution needs to be exercised in comparing the data in this graph with that in Figures 30 & 31.
2. The decrease in the total amount written off for the fiscal year to June 2002 occurred because some write-off rules apply only to the base interest. During the fiscal year to June 2002, the base interest was set at 3.1 percent for nine months of the period (to 31 March 2002) and 5.1 percent for the last three months. The lower base interest rate in the tax year to 31 March 2002 meant that amounts written off were lower.
3. The majority of interest write-offs for the 1999/2000 income year were credited to borrowers' loan accounts in October 2000. This means the values in the above table are understated for 1999/2000 and overstated for 2000/01.

Source: Inland Revenue

3.9 Interest write-offs by type

Interest write-offs are calculated on a tax year basis (ie to 31 March of each year). Therefore, the majority of interest write-offs in each tax year relate to the situation of the borrower in the previous calendar year.

Except for the interest write-off given to full-time students, write-offs of interest depend on the borrower's income. The timing of when an interest write-off is applied to a borrower's loan account is dependent on when the borrower supplies income details to Inland Revenue. Interest write-offs can therefore be applied retrospectively. For instance, a write-off for the 2002 income year may be applied to a borrower's Inland Revenue account in 2004, if the 2002 return of income is filed late. One of the consequences of this rule is that the amount of interest written off for a particular year will change over the following few years, as late returns are processed. As a result, the amount shown as written off in the most recent year is likely to understate the final total amount written off.

There are three different types of interest write-offs²¹ available to resident borrowers:

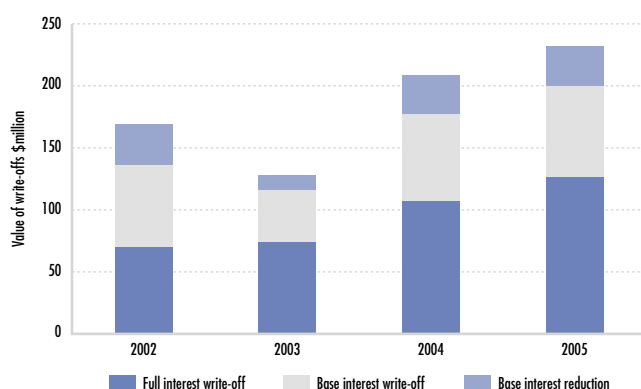
- full interest write-offs
- base interest write-offs, and
- base interest reduction.

Almost 316,000 borrowers had interest written off during the income year ending 31 March 2005, totalling \$231.7 million. Of this total, \$126.7 million related to the full interest write-off for those in full-time study and for low-income, part-time students.

Borrowers whose income was less than the repayment threshold were credited with \$73.3 million in base interest write-offs.

Borrowers earning over the repayment threshold were credited with \$31.6 million in base interest reductions.

Figure 30 (Table 61) Student loan interest write-offs by type and value at 31 March 2002-2005

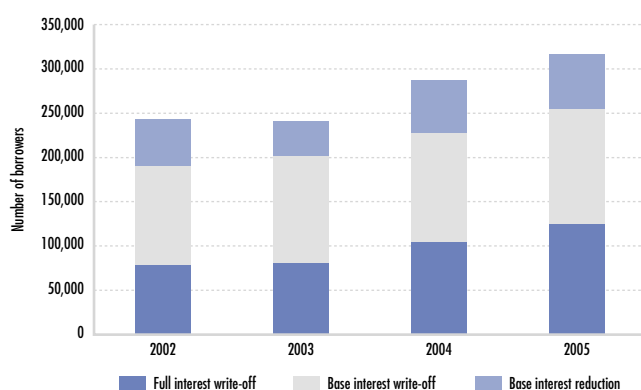


Notes:

1. This graph differs from Figure 29, which shows total write-offs by fiscal year, ie by year to 30 June.
2. The write-offs for the year ending 31 March 2001 (which relate to the 2000 academic year) are included in the figures for the year ending 31 March 2002. This is the reason for the difference between 2002 and 2003 figures.

Source: Inland Revenue

Figure 31 (Table 61) Student loan interest write-offs by type and number of recipients at 31 March 2002-2005



Notes:

1. This graph differs from Figure 29, which shows total write-offs by fiscal year, ie by year to 30 June.
2. The write-offs for the year ending 31 March 2001 (which relate to the 2000 academic year) are included in the figures for the year ending 31 March 2002. This is the reason for the difference between 2002 and 2003 figures.

Source: Inland Revenue

3.10 Deceased and bankruptcy write-offs

The loan balances of deceased borrowers are written off under section 60 of the Student Loan Scheme Act 1992. As at 30 June 2005, 236 borrowers were recorded as having died during the 2004/05 year. \$3.6 million was written off in the 2004/05 year.

The student loans of borrowers adjudicated bankrupt are written off under the Insolvency Act 1967. During the 2004/05 year, 712 borrowers were registered as bankrupt. \$9.5 million was written off in the 2004/05 year.

Since the Student Loan Scheme was introduced:

- 3,660 borrowers have had a loan balance written off due to bankruptcy²².
- \$54.5 million has been written off for deceased and bankrupt borrowers.

The following tables (Tables 13 and 14) detail the amounts and numbers of write-offs for deceased and bankrupt borrowers.

Table 13 Value of deceased and bankruptcy write-offs at 30 June 1998-2005

Year	Deceased \$million	Bankruptcy \$million
1998	1.2	1.1
1999	2.3	2.3
2000	1.6	2.8
2001	2.3	2.8
2002	2.6	3.5
2003	2.3	3.5
2004	4.4	8.5
2005	3.6	9.5

Source: Inland Revenue

²¹ See Appendix 1 for details on how these provisions work.

²² Inland Revenue does not bankrupt student loan borrowers solely on the basis of student loan borrowings or overdue repayment obligations.

Table 14 Number of deceased and bankruptcy write-offs at 30 June 1998-2005

Year	Deceased	Bankruptcy
1998	180	208
1999	212	297
2000	238	263
2001	262	327
2002	302	407
2003	334	471
2004	268	585
2005	236	712

Notes:

1. Because a student loan account can be finalised after the end of the fiscal year, the number of deceased and bankrupt borrowers for an earlier year may change.
2. The number of borrowers in this table does not necessarily directly relate to the amounts written off for the corresponding year.

Source: Inland Revenue

Write-offs do not necessarily occur in the same year as the death or bankruptcy. The amount written off (Table 13) relates to the year the write-off occurred, whereas the number (Table 14) relates to the year they either passed away or were adjudicated bankrupt. It can take some time for a bankruptcy to be settled and for the actual write-off to occur. Finalisation of the bankrupt's account and the writing-off of the loan balance cannot happen until the Official Assignee produces a final report on the case. In some cases, for various technical reasons, this is up to three years after the filing for bankruptcy. Hence, care should be taken when comparing Table 13 with Table 14.

3.11 Borrowers who go overseas

At 30 June 2005, Inland Revenue held student loans for 445,074 New Zealanders. Of that total, 25,091 borrowers resided overseas and had non-resident tax status²³, compared with 25,379 at 30 June 2004 and 24,714 a year earlier.

The proportion overseas doesn't vary much from year to year. At 30 June 2005, those with non-resident status represented 6.0 percent of all those with student loans, compared with 6.0 percent as at 30 June 2004 and 6.3 percent a year before that. In 1999, the figure was 3.1 percent.

There has been much comment about the number of student loan borrowers who leave New Zealand before fully repaying their loans. It is sometimes suggested that the burden of a student loan may encourage young people to go overseas. However, there is a long tradition of New Zealanders travelling and living overseas in the years following completion of tertiary study²⁴.

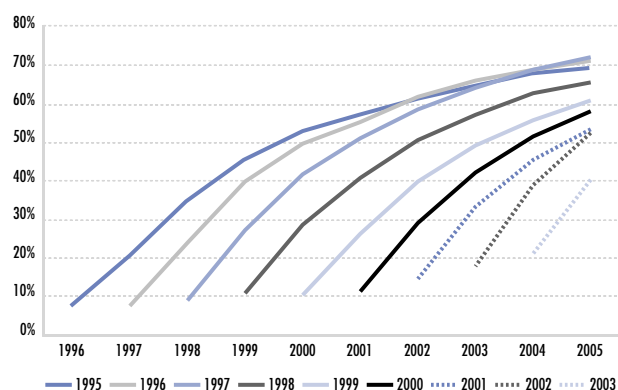
New Zealanders living overseas pick up skills, insights and perspectives that enhance their contribution to New Zealand on their return. This was the finding of research by Massey University on New Zealanders, which concludes "...the expatriate population are gaining a number of valuable strengths in a variety of individual, social and work contexts. Overall, the human capital gained from overseas experiences may be valuable to New Zealand..."²⁵.

Data on the time spent away from New Zealand by those with student loan balances confirms that the majority of student loan borrowers do eventually return to New Zealand. By June 2005:

- more than 70 percent of the borrowers who left the country in 1996 and 1997 had returned to New Zealand
- more than 60 percent of those who left in 1998, 1999 and 2000 had returned, and
- more than half of all those who left in 2001, 2002 and 2003 had returned.

Figure 32 shows that, over time, the rate of return is increasing. Of those who left in 1998, 10 percent had returned by the end of June in the following year and 30 percent within two years. Of those who left in 2002, nearly 20 percent had returned by June of the following year and just under 40 percent after another year.

Figure 32 Percentage of borrowers who left New Zealand in the years 1 July 1995-2003 to 30 June 1996-2004 and who have returned to New Zealand



Note: Each line represents Student Loan Scheme borrowers who left New Zealand and became tax non-resident in a given June year. Percentages represent the proportion who have returned by 30 June of the year shown on the x-axis.

Source: Inland Revenue

²³ It is recognised that some people leave New Zealand without informing Inland Revenue. Therefore, there is an unquantified undercount of those overseas in this analysis.

²⁴ The proportion of people born in New Zealand who live overseas is high by international standards. Treasury research, Bryant J and D Law (2004) *New Zealand's Diaspora and Overseas-born Population*, www.treasury.govt.nz reveals that of nine countries analysed, New Zealand was second only to Ireland in the proportion of people resident overseas.

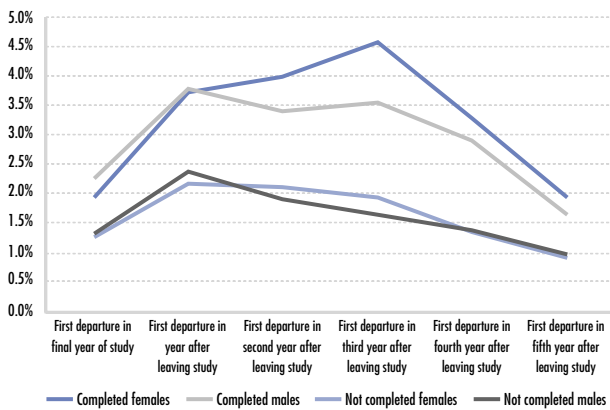
²⁵ Inkson et al (2004) *New Zealand Talent Flow Programme: Preliminary Results*.

Analysis of the integrated dataset on Student Loan Scheme borrowers shows that:

- the proportion of borrowers leaving New Zealand is at its highest in the first year following study
- the proportion that leave each year is much higher among those who complete a qualification than among those who leave study without successful completion
- those who study at a university are more likely to leave than those who study at an ITP, and
- the pattern of departure for women and men is similar. However, women who complete a qualification have a higher probability of leaving New Zealand than men who complete.

The data is summarised in the following graph.

Figure 33 (Table 66) Probability of becoming non-resident for the first time by years after last study by gender and completion status



Note: The graph has been prepared using data from five cohorts of tertiary leavers (those who last studied in the years between 1997 and 2001) and their tax residency status from 1997/98 to 2002/03.

Source: Statistics New Zealand, Integrated Dataset on Student Loan Scheme Borrowers

The Ministry of Education is conducting more research, over time, on the characteristics of borrowers who travel overseas.



CHAPTERFOUR

THE INTEGRATED DATASET ON STUDENT LOAN SCHEME BORROWERS

Key Findings

- Those who complete higher-level qualifications tend to have larger student loans on leaving study. But they also tend to earn higher incomes after they leave study.
- Higher qualifications lead to faster repayment times – even if they are associated with higher levels of borrowing.
- Of those who left study having used the loan scheme in 1992, three-quarters of borrowers had repaid in full after 10 years. Men and women were equally likely to have repaid in full.
- In the first five years following study, women are more likely than men to repay in full. Over time, however, men tend to catch up.
- Borrowers who are less likely to make progress towards repayment of their student loans include:
 - men
 - those who don't complete a qualification
 - those who study at lower levels, and
 - Māori.

4.0 Introduction: The integrated dataset on Student Loan Scheme borrowers

This section reports on some of the recent findings from the analysis of the integrated dataset on Student Loan Scheme borrowers. The dataset is managed by Statistics New Zealand on behalf of the agencies responsible for the Student Loan Scheme. It combines:

- information collected by tertiary education providers on students and on their enrolments
- information collected by StudyLink on students' borrowings under the Student Loan Scheme
- data from Inland Revenue on student loan balances and repayments, and
- Inland Revenue data on income and tax status.

The integrated dataset enables us to study the effects of the Student Loan Scheme by making linkages between those four sets of information, and hence gives us a better understanding of the interactions between borrowers' loan balances, their incomes in the years following study and their repayment rates. We can analyse how these factors affect different groups of borrowers.

The integrated dataset currently contains matched records for the years 1997 to 2002. It will be extended annually with new waves of data. The update to include 2003 data is scheduled for December 2005. Over time, the integrated dataset will give us a longitudinal, multidimensional view of the scheme, and hence will enable us to analyse and report on its impacts more fully.

The dataset also contains Inland Revenue data on income and loan balances for those who used the Student Loan Scheme between 1992 and 1996. This earlier data has not been matched to education or borrowing data.

The data in the integrated dataset is not precisely comparable with the other statistical information in this report. A small number of records (about 7 percent) could not be matched and were excluded from the dataset. Therefore, the total number of records in the dataset is not exactly equal to the numbers in the agencies' databases.

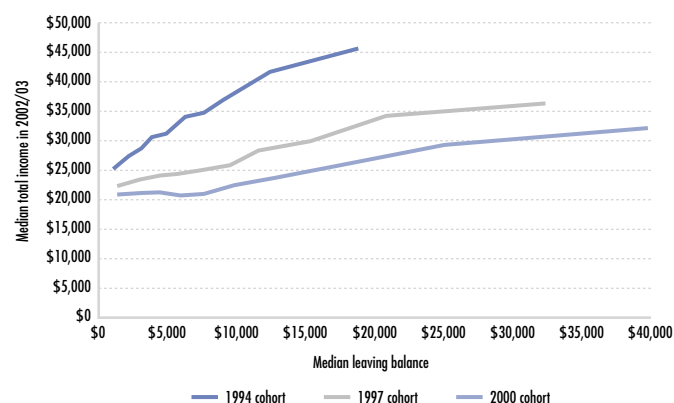
The information below is drawn from the analysis of the dataset being undertaken by the Ministry of Education. This information complements the information set out elsewhere in this report²⁶. The prefatory note, to be found earlier in this report, contains details of the confidentiality protocols that are used by Statistics New Zealand to ensure that the privacy of borrowers is protected.

4.1 What the integrated dataset shows about the relationship between loan balances and post-study income

Two of the most important factors influencing the level of income of people once they leave tertiary education are the level of qualification studied and whether the qualification was completed successfully. Both of those factors are associated with higher levels of borrowing, principally because higher-level qualifications require more years of study and because most of those who don't complete a qualification tend to abandon study relatively early²⁷.

This raises the question of the relationship between the size of student loans on leaving study and the incomes earned after leaving study. Figure 34 explores this issue by considering the incomes in the tax year 2002/03 of three groups of borrowers – those who left study in 1994, those who left in 1997 and those who left in 2000. For each group, the median income in 2002/03 is plotted against the level of the student loan balance on leaving study.

Figure 34 Loan balance on leaving study and 2002/03 taxable income for selected cohorts of borrowers – those who last studied in 1994, 1997 and 2000



Notes:

1. The population is borrowers who last studied in 1994, 1997 and 2000 and who also had New Zealand taxable income in 2002/03.
2. For each leaving cohort, the 10 deciles of leaving loan balance is plotted against the median taxable income in 2002/03 of the people in that decile.
3. The leaving loan balance is the borrower's student loan balance at 31 March of the year following study.

Source: Statistics New Zealand, Integrated Dataset on Student Loan Scheme Borrowers

The relationship between larger student loans and higher income is clear. The only exception is for the lowest five deciles of loan balance for the 2000 cohort.

Figure 34 also illustrates the extent to which leaving loan balances have grown over time.

- Of the 1994 cohort, the tenth decile of leaving loan balance had a midpoint of less than \$20,000.

²⁶ More detailed analyses can also be found on the Ministry of Education website at www.minedu.govt.nz/goto/tertiaryanalysis.

²⁷ Refer to Scott D (2005) *How long do people spend in tertiary education?* www.minedu.govt.nz/goto/tertiaryanalysis for an analysis of the timing of abandonment of study.

- In the 1997 cohort, the tenth decile was more than \$30,000.
- For those who left in 2000, the midpoint of the tenth decile was \$40,000.

It is also noteworthy that between 1997 and 2000, there was little movement in the lowest six deciles of leaving loan balance²⁸, indicating that the majority of those leaving study in 2000 left with students loans no higher than those who finished studying in 1997.

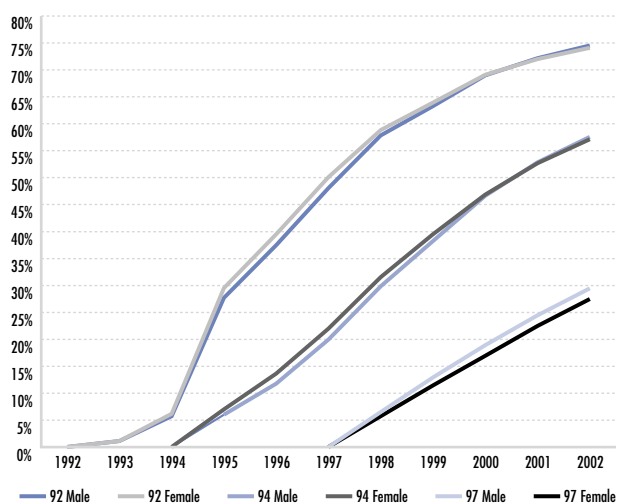
Figure 34 also illustrates how incomes rise over time. In each decile of leaving loan balance, the median incomes in 2002/03 of those who left study in 1994 was significantly higher than those of the 1997 leavers, whose incomes were significantly higher than those in the 2000 leaving cohort.

4.2 What the integrated dataset shows about repayment rates

As people gain experience in the workforce, their incomes tend to rise. And as their incomes rise, so does their repayment obligation. Therefore, repayment rates tend to start slowly but increase over time. This section analyses repayment rates for three groups of borrowers – those who left study at the end of the first year of the Student Loan Scheme 1992, those who left at the end of 1994 and those who left at the end of 1997. It looks at the proportion who had been successful in repaying their loans completely by 31 March each year up to 2003.

Figure 35 shows the proportions who have fully repaid year by year for these three groups of leaving borrowers²⁹.

Figure 35 Percentage of borrowers who have fully repaid their student loans for the 1992, 1994 and 1997 leaving cohorts by gender



Notes:

1. The leaving cohorts are those who last studied in a given year, had borrowed from the scheme, and had a student loan balance of \$10 or more at 31 March in the following year.
2. Full repayment is deemed to occur when the student loan balance has fallen below \$10, and includes both tax non-resident and tax resident borrowers.
3. The percentages in this graph relate to the situations of borrowers on 31 March of the year following the year shown on the horizontal axis.

Source: Statistics New Zealand, Integrated Dataset on Student Loan Scheme Borrowers

²⁸ Refer also to Table 6, earlier in this report. The median leaving student loan in 1997 was \$8,960. By 2000, this figure had risen to \$9,160 – a rise of only 2 percent. That figure masks the fact that the leaving debt of those with large student loans – those in the highest 20 percent – was significantly larger.

²⁹ In this section, those who had repaid their loan before 31 March of the year following study have been excluded. These fast repayers have, however, been included in the calculation of median repayment times.

By 31 March 2003, 10 years after they left study, around 75 percent of the 1992 leavers had repaid in full. Nearly 60 percent of the 1994 leavers and just under 30 percent of the 1997 leavers had also completely repaid by 31 March 2003.

The 1994 cohort tended to repay more quickly than the 1997 cohort. Five years after leaving study, 40 percent of the 1994 cohort had repaid whereas only 29 percent of the 1997 cohort had repaid by the end of 2002, ie five years after they left study. The difference between these groups is largely due to the rise in the level of student loans on leaving study between these years – the median leaving loan balance in 1994 was \$5,910 while in 1997 it was 52 percent higher at \$8,960.

There is a small but consistent gap between the repayment rates of women and men at the five-year mark. From the 1994 cohort, 0.7 percent more females than males had repaid completely after five years, a margin which grew to 2.0 percent with the 1997 cohort. The faster repayment of women reflects both the fact that women have a higher rate of completion of tertiary education than men³⁰ and that they tend to be better represented in qualifications at degree level³¹. And completion and the level of study are two of the key drivers of income and hence of repayment rates. By 31 March 2003, however, there was almost no difference between the men and the women of the 1994 leaving group in the percentage who had repaid in full – the men had caught up with the women.

Likewise, among the 1992 leavers, there was no significant difference in the proportion of men and women who had completely repaid by the end of 2002.

The graph shows a median repayment time of 6.6 years for both men and women for the 1994 cohort.

1992 was the first year of the Student Loan Scheme. The cohort of borrowers who last studied in 1992 is unusual in that they had at most one year to accumulate student loans. As a result, their median leaving loan balance was very low – \$3,170. While half of these students managed to repay in a little over five years, after 10 years one-quarter remain with student loan balances. However, progress has not stopped. Of those with outstanding loans in 2001, 8 percent managed to repay in 2002, and it seems likely that over the following three years further progress will be made with perhaps 80 percent having made full repayment.

One of the main determinants of income, and hence of the capacity to repay, is whether the borrower was successful in completing a qualification. Figure 37 shows the proportion of the 1997 leavers who have repaid, by years out of study, for men and women and by completion status³².

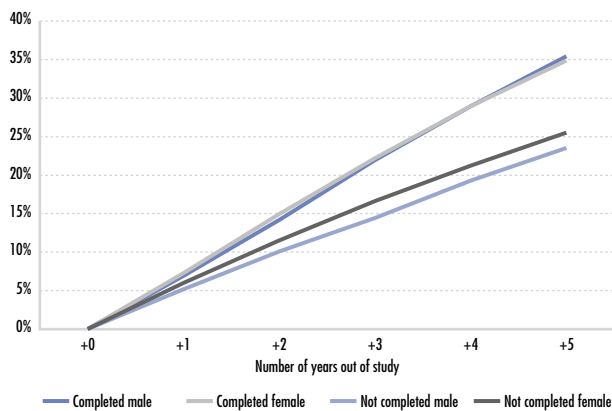
Among those who completed a qualification in 1997, there is little discernable difference in the repayment rates of the men and women. Women who are not successful in completing a qualification are more likely to repay in full than men who don't complete. The better progress to full repayment among women has occurred despite the fact that for this group of borrowers the median loan balance of women leaving study exceeded that of men.

³⁰ Refer to Ministry of Education (2004a), pp 17, 18 and pp 53, 54. Refer also to Ministry of Education (2004b), Appendix Tables, Table 3.29, p 51.

³¹ Refer, for instance, to Ministry of Education (2004b), Appendix Tables, Table 3.26, pp 44, 45.

³² It is not possible to do this disaggregation for earlier groups. This is because the linking of the three sources of data was possible only for the years 1997 and later.

Figure 36 Percentage of the 1997 leaving cohort who have fully repaid their student loans in each year post-study by gender and completion status



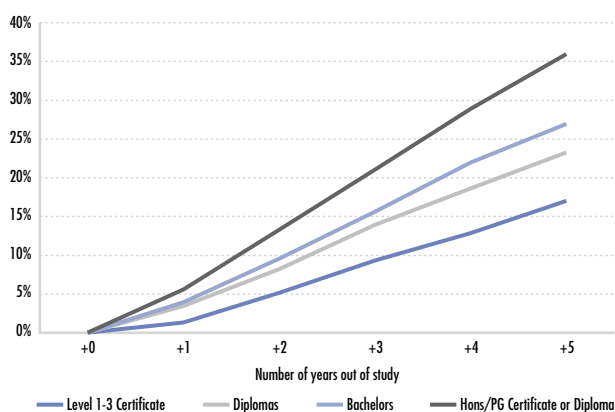
Notes:

1. The leaving cohort is those who last studied in 1997, had borrowed from the scheme, and had a student loan balance of \$10 or more at 31 March in the following year. Excluded are 3.4 percent who had repaid their loan before 31 March 1998.
2. Full repayment is deemed to occur when the student loan balance has fallen below \$10, and includes both tax non-resident and tax resident borrowers.
3. A student is deemed to have completed if he/she successfully completed a qualification in his/her last year of study.

Source: Statistics New Zealand, Integrated Dataset on Student Loan Scheme Borrowers

Figure 37 shows the proportion of those who last studied in 1997 who had repaid in each of the subsequent years by the level of the qualification studied.

Figure 37 Percentage of the 1997 leaving cohort who have fully repaid their student loan in each year post-study – selected qualification levels



Notes:

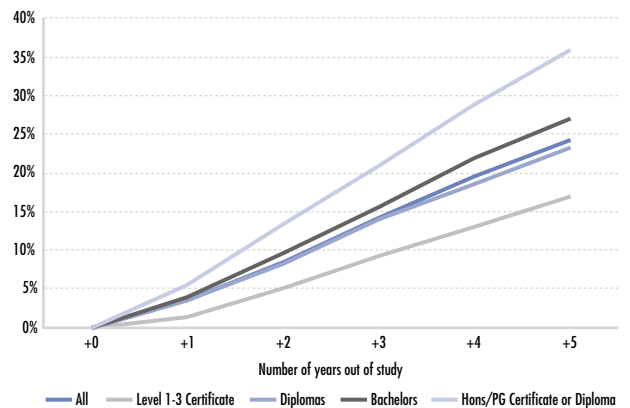
1. The leaving cohorts are those who last studied in a given year, had borrowed from the scheme, and had a student loan balance of \$10 or more at 31 March in the following year.
2. Full repayment is deemed to occur when the student loan balance has fallen below \$10, and includes both tax non-resident and tax resident borrowers.
3. The percentages in this graph relate to the situations of borrowers on 31 March of the year following the year shown on the horizontal axis.

Source: Statistics New Zealand, Integrated Dataset on Student Loan Scheme Borrowers

While borrowers who take higher qualifications tend to leave study with larger loans, the proportion of these borrowers who pay off their loans is higher.

Figure 38 gives the proportion of the aggregate 1997 leaving loan balance that has been repaid in each of the five subsequent years.

Figure 38 Percentage of aggregate student loan balance repaid by the 1997 leaving cohort in each year post-study – selected qualification levels



Notes:

1. The leaving cohorts are those who last studied in a given year, had borrowed from the scheme, and had a student loan balance of \$10 or more at 31 March in the following year.
2. Full repayment is deemed to occur when the student loan balance has fallen below \$10, and includes both tax non-resident and tax resident borrowers.
3. The percentages in this graph relate to the situations of borrowers on 31 March of the year following the year shown on the horizontal axis.

Source: Statistics New Zealand, Integrated Dataset on Student Loan Scheme Borrowers

Again, the higher qualification/higher repayment rate relationship is clear.

4.3 What the integrated dataset shows about people who make no progress in repaying loans

It was noted above, that around 25 percent of those who left study in 1992 had still not repaid their loans 10 years after leaving study. If a Student Loan Scheme borrower has a low income, he or she may be unable to repay the loan in full. If a borrower's income remains below a certain threshold (given the level of his or her loan balance), it is possible the student loan will never be repaid.

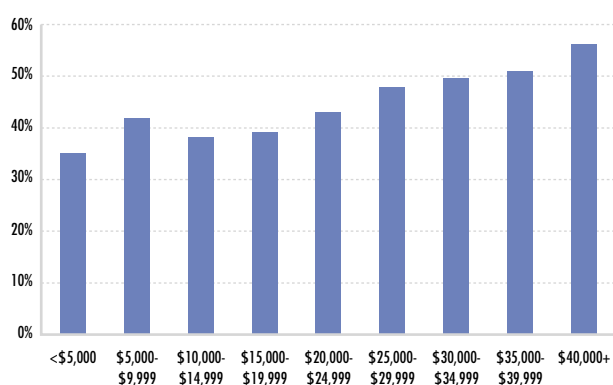
This situation was envisaged in the design of the scheme. It is one of the reasons for the provision for the write-off of a student loan on the death of a borrower. Allowing for these write-offs is one of the purposes of the doubtful debt provision in the scheme, described elsewhere in this report. This gives rise to questions about the characteristics of borrowers who make little or no progress in repaying their loans.

This section looks at those who finished study in 1997 and explores the characteristics of those with a loan balance on 31 March 2003 that was the same as, or higher than, it was when they left study.

All other things being equal, the higher the level of the loan balance on completion of borrowing, the more likely it is that the borrower will have made slow progress in reducing the balance.

Figure 39 shows the proportions of those who finished study in 1997 who had made no progress towards repayment by the end of 2002, broken down by the level of the loan balance on leaving study.

Figure 39 Proportion of borrowers who last studied in 1997 who had made no progress to repayment by the end of 2002 by the level of their leaving loan balance



Source: Statistics New Zealand, Integrated Dataset on Student Loan Scheme Borrowers

In general, those with a higher leaving loan balance have a higher incidence of no progress. It needs to be recognised, however, that the number of borrowers with higher balances is relatively small; there were fewer than 750 with a balance of over \$40,000 and around 600 with a balance of between \$35,000 and \$40,000. More than half of this group of borrowers fall within the lowest two bands in the graph and 55 percent had a loan balance on leaving study of \$10,000 or less.

Table 16 Proportion of borrowers who last studied in 1997 who had made no progress to repayment by the end of 2002 by completion status and ethnic group

		Completed			Not Completed				
European	Māori	Pasifika	Asian	Other	European	Māori	Pasifika	Asian	Other
24.6%	41.6%	42.9%	33.3%	40.9%	39.5%	60.1%	61.2%	50.0%	53.4%

Source: Statistics New Zealand, Integrated Dataset on Student Loan Scheme Borrowers

Table 16 shows that there are differences among ethnic groups in the incidence of no progress towards repayment. Whether complete or incomplete, the incidence of no progress is higher among Māori than European.

If the borrower's income is below the repayment threshold, the nominal value of the loan will rise by the interest adjustment rate – effectively, by the rate of inflation. The higher the balance, the greater the increase in absolute dollars to the nominal value of the balance; this will make it harder to reduce the value of the loan to below its original level if the income later rises to above the repayment threshold.

Another determinant of progress to repayment is completion status. Of those who left study in 1997 having successfully completed a qualification, 29 percent had made no progress, compared with 47 percent of those who left study without completing. The margin that completers have over non-completers applies whether the borrower is male or female and is irrespective of ethnic group.

Tables 15 and 16 summarise the incidence of no progress by completion status and gender and by completion status and ethnic group.

Table 15 Proportion of borrowers who last studied in 1997 who had made no progress to repayment by the end of 2002 by completion status and gender

Completed		Not Completed	
Male	Female	Male	Female
30.2%	27.4%	48.1%	46.6%

Source: Statistics New Zealand, Integrated Dataset on Student Loan Scheme Borrowers

Women are somewhat less likely to have made no progress than men. This applies both to completers and those who have not completed – despite the fact that the median leaving loan balance of women among those who finished study in 1997 was about 5 percent higher than the corresponding figure for men. Women who have made progress have done so despite having on average higher leaving loan balances than the men who have made progress.

The incidence of no progress is considerably higher among those who took certificates than among those who took bachelors degrees, when we control for completion status. Those who successfully completed a bachelors degree were less likely to have made no progress than those who completed a level 1 to 3 certificate. Of those who left without completing their qualification, those who enrolled for a bachelors degree were less likely to have made no progress than those who took certificate-level study. These findings apply equally for men and women and for Māori and European.

The data is set out in Tables 17 and 18.

Table 17 Proportion of borrowers who last studied in 1997 who had made no progress to repayment by the end of 2002 by gender and completion status for selected levels of study

Level 1-3 Certificate				Bachelors			
Completed		Not Completed		Completed		Not Completed	
Male	Female	Male	Female	Male	Female	Male	Female
37.7%	38.6%	53.6%	53.6%	26.4%	23.0%	48.7%	42.9%

Source: Statistics New Zealand, Integrated Dataset on Student Loan Scheme Borrowers

Table 18 Proportion of borrowers who last studied in 1997 who had made no progress to repayment by the end of 2002 by completion status, for selected ethnic groups and for selected levels of study

Level 1-3 Certificate				Bachelors			
Completed		Not Completed		Completed		Not Completed	
European	Māori	European	Māori	European	Māori	European	Māori
31.5%	51.2%	44.2%	68.4%	22.6%	31.7%	41.3%	53.8%

Source: Statistics New Zealand, Integrated Dataset on Student Loan Scheme Borrowers

CHAPTER FIVE

THE COSTS OF THE STUDENT LOAN SCHEME

Key Statistics - Loans

At 30 June 2005

- The total **face value** of student loan balances was \$7,499 million, consisting of:
 - a net face value of \$6,465 million, and
 - a doubtful debt provision of \$1,035 million.
- The **fair value** was \$5,994 million (79.9 percent of face value).
- The **economic value** was \$6,121 million (81.6 percent of face value).
- The **Doubtful Debt Provision** was 12.8 percent of the change in face value (up from 11.4 percent in 2004).

Forecast

- The forecast median loan repayment time is 6.7 years (compared with a forecast of 6.9 years in 2004).
- 75 percent of all students are forecast to repay within 10.6 years.
- The effective interest rate for 2005/06 is forecast to be 3.3 percent.

5.0 Introduction

This section looks at the costs and value of the Student Loan Scheme, including:

- the assumptions and processes used in the models that produce the cost and valuation estimates
- estimates of future loan balances and repayment times
- the provision made for estimating future non-recovery of loans (doubtful debt), and
- the progress towards calculating the fair value of the scheme and the results to date.

The Student Loan Scheme is a significant government asset³³. The portfolio is forecast to grow to \$12,000 million by the year 2014/15. This forecast is slightly lower than earlier estimates³⁴, reflecting the impact of changes in the expected level of student loan borrowings.

The costs of the scheme are shared between students and the government in the following manner:

- Borrowers meet a share of the government's estimated cost of capital through interest payments.
- Part of the cost of administration is met by borrowers through a one-off administration fee of \$50 in each year of borrowing.
- The government meets the costs resulting from fluctuations in uptake and transactions.
- The government also covers the cost of system changes to implement new policies or improve delivery.

The government writes off the following amounts, which represent a cost to the Crown:

- all or part of the base interest charge for borrowers who meet write-off eligibility criteria
- all interest for borrowers who were studying during the year and meet certain criteria
- student loan balances of deceased or bankrupt borrowers, and
- small balances.

³³ The Student Loan Scheme is considered a government asset, as money owed to the government is recorded financially as an asset. This is similar to how a bank records mortgages in its financial statements.

³⁴ In 2004, the estimate of the value of the scheme in 2014/15 was \$13,000 million. Refer to Table 2.

5.1 Calculating the costs of the Student Loan Scheme

The Tertiary Education Student Loan Analysis (TESLA) model was developed for the Ministry of Education to forecast student loan balances and repayment periods and to assist with the evaluation of policy options. The TESLA model generates a representative student population from a profile of borrower characteristics. Each individual in this model has student loan characteristics. The characteristics of this group of representative borrowers give an overall annual estimate of student loan balances, repayments, interest and write-offs. (See Appendix 4 for further details of this model, including the assumptions on which it is built.)

From next year, it is expected that the new Student Loans Integrated Model (SLIM) will be used in place of TESLA for forecasting and costing work associated with the Student Loan Scheme.

5.2 The Doubtful Debt Provision

The Doubtful Debt Provision (DDP) is a provision for capital write-offs due to death³⁵ and loans discharged because of bankruptcy. The provision was set at 15 percent in 1992 when the Student Loan Scheme was first incorporated into the Crown Financial Statements. It was revised to 10 percent from 1996 until 2001, as a result of estimates made using the TESLA model. The Ministry of Education revised the DDP in June 2002 in consultation with the Treasury and Inland Revenue. As a result of that review, the provision was set at 11.4 percent for the year to June 2002. The DDP was reviewed again in 2003 and 2004. The difference in each of those years was still within the margin of error of the 11.4 percent figure (plus or minus 1.0 percent). Thus, no change was made to the DDP for the financial years to June 2003 or 2004. The latest review of the DDP, based on the most recent³⁶ forecast, resulted in an estimated DDP of 12.8 percent for the financial year to June 2005. The provision is expected to increase slightly in the out-years.

At 30 June 2005, the DDP stood at \$1,035 million, compared with \$826 million at 30 June 2004. Of the \$209 million increase in the DDP between 2004 and 2005, \$99 million or 47 percent is a result of the change in the DDP rate. The remainder of the increase is a result of the increase in the aggregate loan balance.

An increase in the rate of the DDP is to be expected, other things being equal, as the scheme matures. Lower risk borrowers tend to repay their loans faster, and so higher risk borrowers gradually become a higher proportion of all loan holders.

The DDP is sensitive to the assumptions about borrowers' borrowing characteristics and their income growth profiles.

³⁵ There are no write-offs for overdue repayment obligations. Overdue repayment obligations that accumulate due to people not meeting their repayment obligations can be written off as a death write-off if the person dies with outstanding debt.

³⁶ The Budget Economic and Fiscal Update (BEFU), 2005.

5.3 The fair value of the Student Loan Scheme

The fair value of the Student Loan Scheme is defined as the price a willing buyer would offer a willing seller to purchase the scheme³⁷. The fair valuation of the scheme recognises that the Crown forgoes revenue due to death, bankruptcy and other write-offs and defaults.

The fair valuation of the scheme at 30 June 2005 was \$5,994 million. This is 79.9 percent of the face value of the Student Loan Scheme's closing balance on the same date. Last year, the fair value at 30 June 2004 was \$5,734 million (84.1 percent), while in 2003, the fair value was 91.8 percent of the face value. The 2005 fair value represents an increase of \$260 million compared with the previous year (a drop of 4.2 percent).

The main reason for the change from 84.1 percent to 79.9 percent in the ratio of fair value to the face value of total loan balance was the use of updated data. Changes in the model and changes in the economic assumptions also contributed to this shift.

The main changes in the economic assumptions were:

- The long-term risk-free rate decreased from 6.6 percent to 5.7 percent.
- The gross discount rate decreased from 7.5 percent to 6.4 percent.
- The loan interest rate decreased from 7.1 percent to 6.8 percent.

5.4 The economic value of the Student Loan Scheme

The gross economic cost of the scheme to the Crown is equivalent to the resources the Crown forgoes by lending money under the scheme. It incorporates the cost of loans written off due to death, bankruptcy and other write-off policies and accounts for the timing of loan repayments discounted using a gross discount rate equal to a 'risk-free rate', based on projected yields of government stock. The economic value of the scheme is the face value less the gross economic cost.

The fair value of the scheme differs from the economic value because the discount rate applied differs between the two calculations. While the economic cost uses the before-tax long-term borrowing rate to reflect the cost to the Crown of the scheme, the fair valuation uses the after-tax long-term borrowing rate plus a risk premium to reflect the tax-paying status of the potential buyer and the added risk to that buyer of the uncertainty of the timing of future cash flows.

Using the same methodology as the fair value, the economic value of the scheme at 30 June 2005 was \$6,121 million. This represents 81.6 percent of the face value of the Student Loan Scheme's closing balance on the same date.

Last year, the economic value as at 30 June 2004 was \$5,834 million (85.5 percent), while in the previous year the economic value was 92.2 percent of the face value of the scheme. The 2005 economic value represents an increase of \$287 million compared with the previous year (a drop of 3.9 percent). The fall in the ratio of economic value to the face value of the scheme is a result of the same factors as those that led to the decline in the fair value:face value ratio.

The economic value is sensitive to the underlying economic model assumptions. For example, a 1 percent increase in the discount rate would decrease the economic value by approximately \$300 million.

5.5 The effective interest rate

The full interest rate for the income year ending 31 March 2006 is 7.0 percent, comprising 4.2 percent base interest and 2.8 percent for the inflation component³⁸. Not all borrowers incur the full interest rate because many are eligible for an interest write-off or interest reduction. The effective interest rate is estimated to be 3.3 percent for 2005/06. This figure represents the average interest rate charged per borrower, calculated as the total net interest incurred by all borrowers as a percentage of total loan balance. Around 50 percent of interest accrued during 2005 is expected to be written off. Almost 316,000 borrowers benefited from an interest write-off in the year ending 31 March 2005. The overall amount of interest written off for that period was in excess of \$230 million. More than half of that amount (\$127 million) was written off as a result of the 'no interest while studying' policy.

5.6 Student loan forecasts

By 2016, it is expected that the total annual repayments of loans will exceed the total annual drawings. At that time, the total aggregate Student Loan Scheme balance will rise by less than 3.5 percent a year³⁹.

In the most recent student loan forecast, it is estimated that the average annual increase in the number of loan borrowers for the period 2005 to 2009 will be 1.2 percent per annum. The June 2004 estimate was 3.4 percent. The decrease in the forecast rate of growth in the number of borrowers reflects the current trend; the actual number of borrowers at the end of June 2005 is lower than previously forecast.

The average annual increase in the total borrowing is expected to be 3.8 percent per annum over the years 2005 to 2009. The June 2004 estimate was 5.4 percent. One of the reasons for the reduction in the forecast increase in aggregate loan levels is the increase in part-time borrowers whose drawings will be lower. This trend will dampen the forecast increase in the amount borrowed by each student. For the period 2005 to 2009, the average increase in the average amount borrowed per borrower is expected to be around 2.5 percent per annum.

³⁷ This does not imply that there is any wish to 'sell' the Student Loan Scheme asset. Rather, the fair value is a hypothetical figure, based on what a tax-liable buyer with perfect information would be prepared to pay a willing and fully-informed seller, if the asset were to be sold.

³⁸ Refer to Appendix 1 in this report for an explanation of the components of the interest rate.

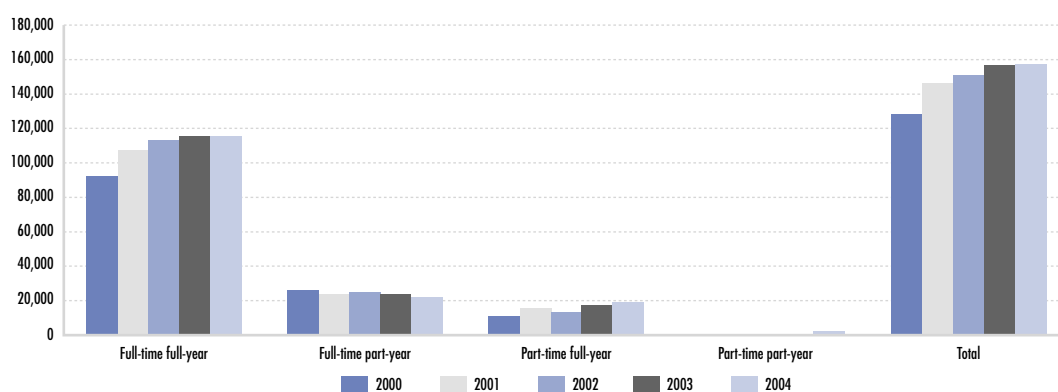
³⁹ This forecast has been made on the basis of the policy settings in place at 30 June 2005.

Until 2004, student loans were available to full-time students studying an approved course of at least 12 weeks and part-time students studying for a full academic year. From the beginning of 2004, loan eligibility was extended to part-time, part-year students studying a course load of 0.3 EFTS units or more. These part-time, part-year students are entitled to borrow their tuition fees only.

From 1 January 2005, access to student loans with vocational restrictions was extended to part-time, part-year students. The new category only applies to students whose study load is at least 0.25 EFTS units, but less than 0.3 EFTS units.

Figure 40 shows the number of students who received student loans in each of the last five years according to their study status.

Figure 40 (Table 41) Student loan borrowers by study status 2000-2004



Source: Ministry of Education and Ministry of Social Development

Only about 15 percent of part-time students who are eligible to take up a student loan actually borrow. The corresponding uptake rate for full-time students is about 74 percent. One consequence of the increasing number of part-time students and the greater access of part-time students to student loans is to lower the overall loan uptake rate⁴⁰ and the gross amount of borrowing. Because part-timers have a much lower loan entitlement, the move to more part-time borrowers illustrated in Figure 40 will moderate the increase in the average amount borrowed each year⁴¹.

5.7 Aggregate student loan value projection

Table 19 shows the forecast, aggregate student loan balance at the end of each fiscal year.

Table 19 Forecast aggregate loan balances (gross)

Year to 30 June	2009/10		2014/15		2019/20	
	Balance \$million	Change	Balance \$million	Change	Balance \$million	Change
2001	10,200	13,400	16,100			
2002	11,200	1,000	14,400	1,000	17,000	900
2003	10,200	-1,000	12,500	-1,900	14,400	-2,600
2004	10,500	300	13,000	500	15,100	700
2005	9,800	-700	12,000	-1,000	14,100	-1,000

Source: Ministry of Education, TESLA model

The main contributing factor to the recent decrease in the projected long-term levels of the aggregate student loan balance was adjustments in the forecast number of prospective loan borrowers.

⁴⁰ Further information on this can be found in section 3.3.

⁴¹ The latest forecasts can be read on the following Ministry of Education website: www.minedu.govt.nz/goto/studentloans.

The latest projections of the aggregate student loan balance show a reduction from the projections made in June 2004. The forecast made in June 2005 for 2009/10 is 4.8 percent lower than the forecast made in June 2001. Likewise, the latest forecast for 2019/20 is 12.3 percent lower than the June 2001 forecast. The reduction in the forecast derives from three main sources:

- changes in tertiary education policy – such as the implementation of a fee/course cost maxima policy
- changes in the projections of participation in the tertiary education sector, and
- changes in the economy, such as expected employment and wage rates.

The forecast, overall, outstanding student loan balances are very sensitive to assumptions on participation in tertiary education. Reasonable variations in participation projections lead to the forecast total outstanding loan balances by 2019/20 ranging from \$14,600 million to \$15,600 million. Projections of total outstanding loan balances are less sensitive to variations in income assumptions. If the real income growth of borrowers is adjusted by 0.2 percent per annum, the change in projected level of loan balances for 2019/20 is around \$400 million.

5.8 Predicted average and median student loan repayment periods

The TESLA model is used to forecast median and average loan repayment times.

Table 20 Predicted average and median repayment times

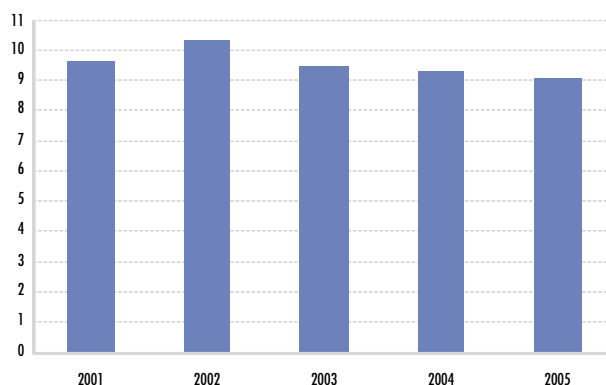
	Average	Mean	25th percentile	75th percentile
June 2005 projections	9.1 years	6.7 years	3.5 years	10.6 years
June 2004 projections	9.3 years	6.9 years	3.6 years	12.0 years
Projection change	- 0.2 years	- 0.2 years	- 0.1 years	- 1.4 years

Source: Ministry of Education, TESLA model

The forecast average repayment period has fallen to 9.1 years from 9.3 years last year and 10.3 years at 30 June 2002. Lower repayment periods are now projected also for the median and most of the other percentile groups. The main factors contributing to this decrease were the forecast changes regarding future loan borrowings and changes in the Treasury's long-term interest rate projections.

Figure 41 shows the forecast average repayment times between 2001 and 2005.

Figure 41 Forecast average repayment times (in years) 2001-2005



Source: Ministry of Education

The TESLA model shows that the forecast median loan repayment time is around 6.7 years. A quarter of borrowers are forecast to repay their loans within three and a half years while three-quarters of all borrowers are forecast to take less than 10.6 years to repay.

Repayment times are sensitive to changes in the income assumptions used in the TESLA model. An annual increase in borrowers' real income growth of 0.2 percent results in repayment times that are shorter by up to half a year.

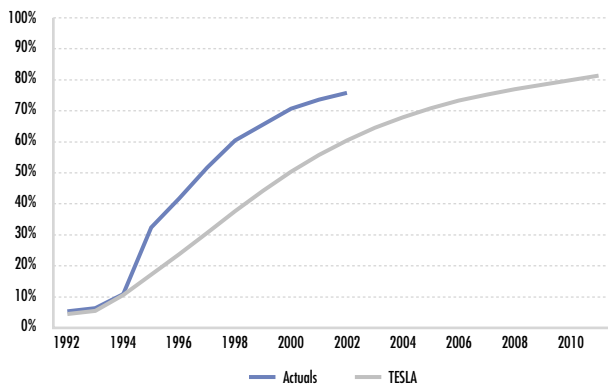
5.9 Comparison of forecast outcomes and actual outcomes

TESLA is a model. As such, it attempts to simulate the performance of the scheme by working out what will happen to borrowers under the current rules of the scheme and given what we know about the likely behaviour of the economy, the employment market and wage rates. Information about the construction of TESLA and the underlying assumptions is set out in Appendix 4.

Models are predictive and based on assumptions. They can never be exact. The test of any model is whether it predicts what finally happens with accuracy. The Ministry of Education has undertaken testing of the TESLA model by comparing the historic predictions of the TESLA model against actual observations of repayment times from the integrated dataset.

The testing showed that for the initial groups of borrowers, TESLA overstated repayment times. For instance, TESLA produces an expected median repayment time of 7.3 years for those who last studied in the first year of the Student Loan Scheme (1992), whereas the integrated dataset analysis shows that, in fact, the median was around five years.

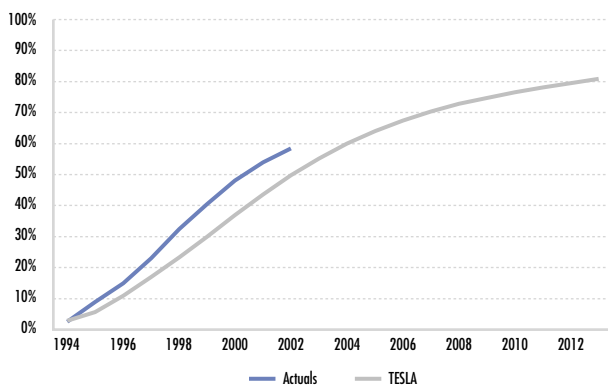
Figure 42 Percentage of those who last studied in 1992 who have completely repaid their student loans – observations from the integrated dataset vs predictions from TESLA



Source: Ministry of Education, Statistics New Zealand

The median for the 1994 cohort was predicted in TESLA to be eight years, whereas in reality, the median for this group was around 6.6 years.

Figure 43 Percentage of those who last studied in 1994 who have completely repaid their student loans – observations from the integrated dataset vs predictions from TESLA



Source: Ministry of Education, Statistics New Zealand

A comparison of the repayments of those who last studied in 1997 shows that, while TESLA understates the numbers who repay in the first three years, it starts to catch up after that. It appears to model actual observations reasonably well after the first three years post-study. Table 21 shows the percentage of the 1997 cohort who had completely repaid in each of the five succeeding years.

Table 21 Percentage of borrowers who last studied in 1997 who have completely repaid in each year 1997-2002

1997 Cohort	Percentage completely repaid	
	Actuals	TESLA prediction
1997	3.6%	1.4%
1998	9.5%	5.5%
1999	15.3%	10.1%
2000	20.9%	15.4%
2001	26.2%	21.1%
2002	31.0%	27.6%

Source: Ministry of Education, Statistics New Zealand

TESLA results imply that the average repayment time for women is 3.5 years longer than the average for men. Analysis of actual repayment trends using the integrated dataset (set out in Chapter 4) implies that this difference is an overstatement. There is no significant difference in the rates at which men and women repay loans in the first 10 years following study. Also, women are less likely than men to have made no progress at all towards repayment of their loans in the first 10 years following study. Therefore, while the TESLA model appears to give accurate and reliable predictions for the scheme *as a whole*, there are doubts as to the accuracy of the disaggregations of those results. It is for this reason that this report does not include separate predictions of repayment times for men and women.

The Ministry of Education is currently developing a more sophisticated model of borrowing, repayments and other aspects of the Student Loan Scheme. The new model, called the Student Loans Integrated Model (SLIM), is built on the integrated dataset which contains unit record data from the Ministry of Education, Inland Revenue and the Ministry of Social Development for each student loan borrower (including former loan borrowers). The results of this modelling will be more robust than earlier models and will give agencies, researchers and the general public a clearer understanding of the probable future status of the Student Loan Scheme and its outcomes. It will enable agencies to assess much more accurately such things as the impacts of the scheme on different ethnic groups or women, and the borrowing and repayment behaviour of borrowers studying in different fields of study or studying at different levels.

APPENDICES

Appendix 1 The elements of the Student Loan Scheme

Eligibility

As a prerequisite to borrowing under the Student Loan Scheme, borrowers must sign a loan contract with the Crown. Students who are less than 18 years old need parental consent before they can borrow. Undischarged bankrupts are not eligible to apply for a student loan⁴³. To be eligible for a loan a student must:

- be a New Zealand citizen or have been granted permanent residence in New Zealand, and
- be enrolled in an approved qualification offered by a recognised tertiary education organisation, and
- be studying full-time for not less than 12 weeks, or
- be studying part-time for a full-year (32 weeks or longer), or part-time for part of the year (less than 32 weeks) with a course load of 0.3 EFTS or more, or
- be studying part-time for part of the year with a course load between 0.25 and 0.3 EFTS and enrolled in a course that meets certain vocational conditions and be in employment or studying for a qualification that will lead to employment⁴⁴.

Loan components

A student loan is made up of four components. The four components and their maximum entitlements are as follows:

Compulsory fees

Students can borrow the full amount of their compulsory fees⁴⁵.

Student loan compulsory fee entitlements are directly credited to the borrower's chosen tertiary education provider.

Where compulsory, students' association fees can be borrowed as part of the compulsory fee loan entitlement. Otherwise, students' association fees can be borrowed as part of a student's course-related costs component.

Course-related costs

Students can borrow up to \$1,000 each year to help cover expenses related to their studies, such as equipment, textbooks and field trips. To access this entitlement, students are required to provide documented justification of their expenditure, which can be either, a statement from their education provider giving details of the items needed for their course plus an estimate of the expected cost, or receipts for expenses incurred.

Students studying part-time for part of the year are not able to access this component of the Student Loan Scheme.

Living costs

Only full-time students can access the living costs entitlement of \$150 per week for each week of the course, less any net entitlement to student allowances⁴⁶. The living costs entitlement is made available in weekly instalments in arrears.

Students nominate the amount they wish to draw each week up to the maximum entitlement. If they nominate less than their full entitlement, any remaining entitlement that is unused each week cannot be claimed at a later date.

Administration fee

Each time a new loan account is established, an administration fee of \$50 is charged. This is added to the student's loan balance when the student first draws from the loan account, or when fees are transferred to the provider (on the student's instructions). If a student cancels the loan within seven days of the loan account being established, and repays any money that has been drawn down, the \$50 administration fee (and any interest on it) will be waived. Otherwise, the administration fee is always included in the loan balance.

Loan repayments

Under the Student Loan Scheme Act 1992, the collection of loan repayments is handled through the taxation system. The amount a resident borrower is required to repay is based on his or her income. Any borrower earning over the repayment threshold during an income year is required to make repayments towards the loan. Compulsory repayments are made at the rate of 10 cents for every dollar of income over the income threshold.

Where a borrower earns more than the repayment threshold (through salary, wages, a student allowance, or income support) he/she is required to advise his/her employer that they have a student loan by nominating a student loan tax code. Repayment deductions are then made from their income by their employers, along with other PAYE deductions. Employers forward the repayment deductions to Inland Revenue, which are then credited to borrowers' student loan accounts.

Table 23 shows the repayment thresholds.

Self-employed borrowers

Borrowers with self-employment income earning over the repayment threshold are generally required to make repayments directly to Inland Revenue in three interim instalments. Interim instalments are required if the repayment obligation for the previous year, less any repayment deductions made by employers, was more than \$1,000.

43 The government is developing a new insolvent debtor status, the no asset procedure, as an alternative to bankruptcy. This procedure will be introduced by the Insolvency Law Reform Bill, which is expected to be enacted in 2005/06. 'No asset procedure' debtors will be able to access the Student Loan Scheme, once the legislation is passed (although those assessed as 'no asset' debtors will not be able to have their loan written off).

44 On 1 January 2005, the course requirement for part-time, part-year study was expanded to enable students who are studying between 0.25 and 0.3 EFTS to access the compulsory fee component of the Student Loan Scheme, if their course meets certain vocational conditions and they are in employment or studying for a qualification that will lead to employment.

45 Under the FCCM policy, students in courses which do not receive any Student Component funding but which have passed the relevant quality assurance procedures can borrow up to \$6,500 per EFTS in fee borrowings through the Student Loan Scheme.

46 Information on student allowances is available on the StudyLink website – www.studylink.govt.nz.

Non-resident borrowers

Non-resident (or overseas) borrowers have a different repayment obligation from borrowers resident in New Zealand (where repayment obligations are based on income earned). The repayment obligation for non-resident borrowers can be compared with mortgage-style repayments, which are designed to repay the loan balance (plus interest) within 15 years.

The non-resident repayment amount is based on the borrower's loan balance as at 1 April following the date of departure. It is made up of two components:

- principal, and
- interest estimated on the loan balance for the year (1 April to 31 March).

The principal amount is determined by the loan balance outstanding.

Table 22 Non-resident borrowers' repayment obligation

Loan balance	Principal amount	Interest
Under \$1,000	Whole loan balance	Plus estimated interest on the loan balance for each year.
\$1,000 to \$15,000	\$1,000	
Greater than \$15,000	1/15th of the loan balance	

Source: Inland Revenue

The total repayment obligation is then divided into four instalments due 30 June, 30 September, 31 December and 31 March.

Voluntary repayments

Inland Revenue encourages borrowers to make additional voluntary repayments over and above their minimum repayment obligations. By making voluntary repayments, the borrower can repay the loan faster and save interest.

As part of an Inland Revenue initiative to encourage voluntary repayments, www.owezero.org.nz was launched in May 2003 to provide borrowers with instant access to a repayment calculator and information to help borrowers work out for themselves what they can do to repay their loans more quickly.

Overdue repayments

Collection of overdue loan repayments is achieved through the same systems and processes in place for the collection of overdue taxes.

Borrowers are charged a penalty of 2 percent per month on outstanding amounts greater than \$250. Penalties continue to be charged on the total outstanding (including penalties) until the amount is repaid in full.

Interest is not charged on overdue repayments.

Any borrower having difficulty repaying an overdue repayment is able to negotiate an arrangement for payment. Borrowers living overseas are able to negotiate a lower repayment obligation if repayment would cause serious hardship. In certain circumstances, a borrower may have the overdue amount capitalised back to the loan principal.

Interest

As loan drawings are made, interest on the outstanding balance accumulates on a daily basis.

Inland Revenue takes over the calculation of interest from StudyLink from the 28 February loan transfer date. After 31 March, interest is compounded and added to the loan balance. Interest then starts to accrue on the new loan balance from 1 April. If the borrower is entitled to an interest write-off, the loan balance on which interest will accrue is reduced by the amount of the interest write-off.

Interest is made up of two components – the base interest rate and an interest adjustment rate, sometimes called the inflation component. Although the overall interest rate has remained at 7 percent since 1 April 1999, the base interest and interest adjustment rates have changed each year.

Interest write-offs

Depending on their circumstances, borrowers may be eligible to have all or some of their interest written off after the end of the income year. A borrower may be entitled to a full interest write-off, a base interest write-off or a base interest reduction.

Full interest write-off

Borrowers who studied for at least 32 weeks in any 52-week period that ended during the income year and whose study was at least 80 percent of a year's equivalent full-time study (ie they are enrolled in courses totalling at least 0.8 EFTS) are eligible to have all of the interest charged on their loan for the previous year written off.

Borrowers who undertook approved study during the year, but did not meet the full-time, full-year criteria above, are still eligible to have all of the interest charged on their loan for the previous year written off as long as their total net income is below the income threshold. For the 2003/04 year the income threshold was \$25,909. This has been increased to \$26,799 for the 2005/06 income year.

Table 23 shows the interest write-off thresholds for part-time students.

Base interest write-off

Borrowers whose net income is equal to or less than the repayment threshold in any income year qualify for a full base interest write-off. This ensures that the loan balances for these borrowers can never increase by more than the rate of inflation.

Base interest reduction (50/50 rule)

The base interest reduction provision limits the amount of base interest charged on a loan to a maximum of 50 percent of the repayment obligation for that year. Where a borrower's base interest charge in any income year exceeds 50 percent of the repayment obligation, the base interest charge is reduced to that amount. This effectively means that at least 50 percent of all repayments are credited firstly to the interest adjustment rate (ie to the inflation component of the interest rate) and, secondly, to the loan principal.

The amount of any base interest reduction depends on the loan:income ratio and the level of the base interest rate. The larger the loan, the higher a borrower's income can be before there is no base interest reduction. In addition, the higher the base interest rate, the greater the extent of write-off.

Additional criteria for all interest write-offs

Eligibility for all interest write-offs is limited to the period for which the borrower is or was a resident.

Before full interest write-offs can be credited, the Ministry of Education must confirm borrowers' full-time study status. The interest write-offs are then applied to loan accounts after the end of the income year (31 March) to which the study related.

All income-contingent write-offs (ie full interest write-offs for confirmed part-time students, base interest write-offs and base interest reductions) are subject to borrowers confirming their income with Inland Revenue by way of filing an individual tax return (IR3) or receiving a personal tax summary from Inland Revenue.

For borrowers required to file an IR3 tax return, interest write-offs are calculated after the return is filed. All other eligible borrowers receive their interest write-off entitlement after receiving a personal tax summary in May/June each year.

Non-resident interest write-offs

Non-resident borrowers can qualify for either a base interest write-off or a base interest reduction. Different criteria apply to non-resident interest write-offs.

Non-residents must have:

- re-negotiated all or part of their assessed repayment obligation for a year, and
- satisfied the Commissioner of Inland Revenue that:
 - they have been engaged in full-time study outside New Zealand, and
 - payment of the base interest charged for the period during the income year in which they were engaged in full-time study outside New Zealand would cause serious hardship.

Non-resident borrowers must apply in writing to the Commissioner to have their base interest written off after the end of the income year(s) in which they studied outside New Zealand.

Small balance write-offs

Small balance write-offs occur where a person has repaid the loan but the last few dollars of the loan are still outstanding. These amounts are written off in accordance with sections 51 and 60 of the Student Loan Scheme Act 1992. The total value of small balance write-offs since the scheme began is \$194,767.

Table 23 Student loan interest rates and thresholds

Year ended 31 March	Interest	Base	Adjustment	Repayment threshold	Write-off threshold for part-time students
1993	8.2%	6.2%	2.2%	\$12,670	-
1994	7.2%	6.2%	1.0%	\$13,104	-
1995	7.0%	5.7%	1.3%	\$13,520	-
1996	9.0%	7.6%	1.4%	\$13,884	-
1997	8.4%	6.2%	2.2%	\$14,300	-
1998	8.2%	5.9%	2.3%	\$14,560	-
1999	8.0%	6.2%	1.8%	\$14,716	-
2000	7.0%	5.3%	1.7%	\$14,716	-
2001	7.0%	6.1%	0.9%	\$14,768	\$24,596
2002	7.0%	3.1%	3.9%	\$15,132	\$25,073
2003	7.0%	5.1%	1.9%	\$15,496	\$25,378
2004	7.0%	4.2%	2.8%	\$15,964	\$25,909
2005	7.0%	5.5%	1.5%	\$16,172	\$26,140
2006	7.0%	4.2%	2.8%	\$16,588	\$26,799

Note: The 'Write-off threshold for part-time students' column refers to the maximum amount of income a part-time student can earn and still receive a full interest write-off. Prior to the tax year ended 31 March 2001 (2000 academic year), this threshold did not exist.

Source: Inland Revenue

Appendix 2 Administrative costs

The costs of administering the Student Loan Scheme vary from year to year, depending on the number of borrowers, the number of transactions, and any system changes required to implement new policies. For example, Inland Revenue makes system changes to implement repayment and interest write-off regimes and the Ministry of Social Development makes ongoing improvements to systems and support services.

Table 24 Administration costs 1997/98-2004/05

	1997/98 \$million	1998/99 \$million	1999/00 \$million	2000/01 \$million	2001/02 \$million	2002/03 \$million	2003/04 \$million	2004/05 \$million
Ministry of Education	1.5	1.7	1	-	-	-	-	-
Tertiary education providers	5	5.2	2.8	-	-	-	-	-
Loan accounts manager	3.1	4.6	1.9	-	-	-	-	-
Administration costs (Ministry of Social Development)	-	-	36.8	18.9	13.9	12.5	11.4	11.8
Administration costs (MOE/MSD)	9.6	11.5	42.5	18.9	13.9	12.5	11.4	11.8
Inland Revenue	8.3	9	7.5	7.9	8.6	8.9	11.7	8.5
Total Administration costs	17.9	20.5	50	26.8	22.5	21.4	23.1	20.3
Less loan administration fee revenue	-5.5	-5.6	-6.6	-7.1	-7.4	-7.6	-7.8	-7.5
Net Administration costs	12.4	14.9	43.4	19.7	15.1	13.8	15.3	12.8

Notes:

1. The administration costs (Ministry of Social Development) for 1999/2000 include the delivery of loans, allowances and Community Wage Student, and a number of start-up costs. These costs were not separately identified at that time.
2. All figures exclude GST.
3. Caution should be exercised in making direct comparisons from year to year, because of the changes in delivery and in the volume of loans being managed.
4. Inland Revenue no longer costs student loan administration separately. The calculation of \$8.5 million is a pro rata estimate over total expenditure.

Source: Ministry of Education and Ministry of Social Development and Inland Revenue

Appendix 3 Historical and forecast income and expenditure

Table 25 Student loans – historical and forecast income and expenditure 1991/92–2008/09

Description	Actual 1991/92 \$million	Actual 1992/93 \$million	Actual 1993/94 \$million	Actual 1994/95 \$million	Actual 1995/96 \$million	Actual 1996/97 \$million	Actual 1997/98 \$million	Actual 1998/99 \$million	Actual 1999/2000 \$million	Actual 2000/01 \$million	Actual 2001/02 \$million	Actual 2002/03 \$million	Actual 2003/04 \$million	Actual 2004/05 \$million	Forecast 2005/06 \$million	Forecast 2006/07 \$million	Forecast 2007/08 \$million	Forecast 2008/09 \$million
Student Loans opening balance	0.0	92.9	281.7	568.4	921.6	1,382.4	1,883.6	2,469.5	3,001.8	3,522.9	4,142.6	4,749.7	5,370.4	5,994.9	6,464.5	7,041.3	7,619.8	8,209.5
Loan drawings	92.9	240.4	330.7	401.7	437.2	536.8	651.8	618.1	694.7	866.1	934.8	951.9	996.9	969.2	1,017.4	1,062.0	1,111.2	1,162.9
Administration fees				4.5	4.6	5.0	5.5	5.6	6.6	7.1	7.4	7.6	7.8	7.5	7.9	8.0	8.2	8.3
Add accrued interest		6.7	32.4	61.7	109.0	133.2	183.2	228.8	249.0	289.3	335.3	393.1	447.1	498.4	547.2	598.8	653.2	708.1
Subtotal Additions	92.9	247.1	363.1	467.9	550.8	675.0	840.5	852.5	950.3	1,162.5	1,277.5	1,352.6	1,451.8	1,475.1	1,572.5	1,668.8	1,772.6	1,879.3
Less capital repayments made in the current year		(8.6)	(20.7)	(35.3)	(59.9)	(88.4)	(116.4)	(147.5)	(174.1)	(198.5)	(245.6)	(251.9)	(293.5)	(313.1)	(401.7)	(448.7)	(498.1)	(550.9)
Less interest repayments made in the current year			(4.8)	(13.5)	(24.7)	(34.7)	(52.2)	(92.1)	(107.4)	(122.6)	(149.4)	(186.1)	(215.9)	(258.8)	(252.8)	(286.1)	(321.1)	(358.3)
Subtotal Repayments	0.0	(8.6)	(25.5)	(48.8)	(84.6)	(123.1)	(168.6)	(239.6)	(281.5)	(321.1)	(395.0)	(438.0)	(509.5)	(571.9)	(654.5)	(734.8)	(819.1)	(909.2)
Interest, small balance, deceased, bankrupt and write-offs			(2.3)	(8.0)	(8.0)	(10.4)	(19.3)	(24.8)	(24.1)	(197.5)	(147.6)	(203.9)	(217.5)	(226.5)	(260.0)	(271.2)	(280.1)	(289.9)
Change in provision for doubtful debts		(49.7)	(50.9)	(63.7)	2.6	(50.2)	(66.5)	(61.4)	(132.0)	(30.3)	(125.5)	(87.1)	(102.0)	(208.9)	(81.2)	(84.3)	(83.7)	(86.3)
Subtotal Write-offs and Provision for Doubtful Debts	0.0	(49.7)	(50.9)	(66.0)	(5.4)	(60.6)	(85.8)	(86.2)	(156.1)	(227.8)	(273.1)	(291.0)	(319.4)	(435.4)	(341.2)	(355.5)	(363.8)	(376.2)
Other movements	0.0	0.0	0.0	0.1	0.0	9.9	(0.2)	5.6	8.4	6.1	(2.3)	(2.9)	1.6	1.8	0.0	0.0	0.0	0.0
Net Changes	92.9	188.8	286.7	353.2	460.8	501.2	585.9	532.3	521.1	619.7	607.1	620.7	624.5	469.6	576.8	578.4	589.7	593.9
Student Loans closing balance	92.9	281.7	568.4	921.6	1,382.4	1,883.6	2,469.5	3,001.8	3,522.9	4,142.6	4,749.7	5,370.4	5,994.9	6,464.5	7,041.3	7,619.8	8,209.5	8,803.3

Note: The Student Loans Scheme started on 1 January 1992.

Source: Inland Revenue

Appendix 4 Tertiary Education Student Loan Analysis model

The Tertiary Education Student Loan Analysis (TESLA) model was developed in 1994 for the Ministry of Education to forecast student loan balances and repayment periods and to assist with the evaluation of policy options. The TESLA model generates a representative student population from a profile of borrower characteristics. The profile is based on demographic statistics and historic aggregate Student Loan Scheme data. The model creates a set of individual profiles that represent the estimated 4 million people who have used or will use the scheme between 1992 and 2050. Each individual in this model has student loan characteristics, which give an overall annual estimate of student loan balances, repayments, interest and write-offs.

The model works on an annual cycle. Each year is modelled for each individual in the model. The person's closing student loan balance is calculated by adding the gross interest at current interest rates to the opening student loan balance and subtracting expected repayments, interest write-offs and other write-offs. The future interest rates are modelled using the statutory formula for setting the interest rate, and the repayment and interest write-off thresholds are calculated by the current threshold, increased each year by the Consumer Price Index (CPI).

The gender, age, ethnicity, amount borrowed and future borrowing characteristics of each profile are determined by an analysis of historical data. The initial income of each profile is determined by census data and modified by income transitions information from Inland Revenue. The subsequent income is determined by years of study, current study status and growth in Gross Domestic Product (GDP) per capita.

Repayments, interest and interest write-offs are calculated using the operating rules of the scheme. Voluntary repayments are based on analysis of aggregate repayment data against incomes and the resulting repayment obligations. Death and death write-offs are determined by the latest mortality rates, taken from the Census, applied to the student loan balance held in the model.

The model uses historical and forecast GDP and CPI data and other assumptions as follows:

Table 26 Assumptions used to forecast student loan balances and repayments

Factor	Assumptions
Enrolment growth projections	Participation in tertiary education is modelled using the age-specific population projections from Statistics New Zealand. A loan uptake model is applied to this, out to 2009, beyond which the change in the number of loan borrowers is assumed commensurate with the change in enrolments projected.
Student loan uptake rate	Projected using historic trends out to 2009.
CPI changes	Forecasts from Treasury
GDP changes	Forecasts from Treasury
Mortality rate	Statistics New Zealand Life Tables
Number of years borrowing	The members of the TESLA borrowers' population are not modelled to borrow for specific times. Rather each member is assessed in the model each year as to whether he/she is likely to finish borrowing. The probability of a person finishing borrowing is based on historical data.
Income data	<ol style="list-style-type: none"> Income growth from IRD Income deciles of tertiary qualified people from the Census Income by age from the Census

Source: Ministry of Education

Appendix 5 Statistical tables and figures

In this appendix, unless otherwise stated, all financial data is expressed in nominal dollars without adjustment for inflation.

Statistical tables and figures (Chapter One)

Table 27 (Figure 1) Participation in tertiary education 1994-2004

Year	Students	Participation rate	Equivalent full-time students (EFTS)
1994	249,568	9.0%	143,792
1995	263,041	9.3%	150,091
1996	265,173	9.2%	154,342
1997	263,347	9.0%	160,050
1998	260,493	8.9%	165,086
1999	296,204	10.0%	180,060
2000	315,362	10.6%	186,161
2001	345,732	11.5%	200,311
2002	386,270	12.6%	215,891
2003	427,631	13.7%	235,160
2004	454,953	14.3%	240,879

Notes:

1. Data prior to 1999 excludes PTE and OTEP students.
2. Data relates to domestic students enrolled at any time during the year.
3. Participation rate is the percentage of the population aged 15 and over who were students that year.
4. Excludes industry training, non-government funded PTEs, formal courses of a week or less, and all non-formal learning.

Source: Ministry of Education

Table 28 Participation in tertiary education by gender 1994-2004

Year	Students			EFTS		
	Female	Male	Total	Female	Male	Total
1994	129,076	120,492	249,568	75,026	68,766	143,792
1995	136,848	126,193	263,041	78,987	71,104	150,091
1996	139,975	125,198	265,173	82,303	72,039	154,342
1997	141,284	122,063	263,347	86,995	73,056	160,050
1998	142,873	117,620	260,493	90,942	74,144	165,086
1999	165,305	130,899	296,204	100,872	79,188	180,060
2000	177,321	138,041	315,362	104,184	81,977	186,161
2001	196,286	149,446	345,732	112,932	87,379	200,311
2002	223,869	162,401	386,270	124,982	90,909	215,891
2003	243,247	184,384	427,631	137,034	98,125	235,160
2004	258,587	196,366	454,953	141,297	99,582	240,879

Year	Participation rate			EFTS share		
	Female	Male	Total	Female	Male	Total
1994	9.0%	8.9%	9.0%	52.2%	47.8%	100.0%
1995	9.4%	9.2%	9.3%	52.6%	47.4%	100.0%
1996	9.5%	8.9%	9.2%	53.3%	46.7%	100.0%
1997	9.4%	8.6%	9.0%	54.4%	45.6%	100.0%
1998	9.5%	8.2%	8.9%	55.1%	44.9%	100.0%
1999	10.8%	9.1%	10.0%	56.0%	44.0%	100.0%
2000	11.5%	9.6%	10.6%	56.0%	44.0%	100.0%
2001	12.6%	10.3%	11.5%	56.4%	43.6%	100.0%
2002	14.2%	10.9%	12.6%	57.9%	42.1%	100.0%
2003	15.1%	12.2%	13.7%	58.3%	41.7%	100.0%
2004	15.8%	12.7%	14.3%	58.7%	41.3%	100.0%

Notes:

1. Data prior to 1999 excludes PTE and OTEP students.
2. Data relates to domestic students enrolled at any time during the year.
3. Participation rate is the percentage of the population aged 15 and over who were students that year.
4. Excludes industry training, non-government funded PTEs, formal courses of a week or less, and all non-formal learning.

Source: Ministry of Education

Table 29 Participation in tertiary education by age 1994-2004

Year	Students					EFTS				
	Under 18	18-24	25-39	40+	Total	Under 18	18-24	25-39	40+	Total
1994	11,190	117,064	79,594	40,583	249,568	5,893	92,203	33,369	12,148	143,792
1995	13,221	117,934	86,118	44,733	263,041	6,141	92,725	37,026	14,044	150,091
1996	10,287	116,450	90,612	46,730	265,173	5,591	92,243	40,566	15,784	154,342
1997	8,740	113,258	92,611	47,980	263,347	5,633	92,618	44,141	17,559	160,050
1998	7,582	112,852	92,290	47,694	260,493	5,177	94,835	46,231	18,815	165,086
1999	14,297	124,993	101,379	55,462	296,204	6,213	101,501	50,417	21,892	180,060
2000	16,588	126,405	108,581	63,202	315,362	9,730	101,442	51,020	23,614	186,161
2001	18,017	133,441	120,176	74,088	345,732	10,957	104,849	56,104	28,400	200,311
2002	16,070	138,452	136,527	95,218	386,270	9,169	106,474	63,091	37,156	215,891
2003	17,405	143,965	144,863	113,181	427,631	10,618	109,674	68,510	45,925	235,160
2004	19,503	149,100	155,002	131,348	454,953	10,779	111,469	69,944	48,687	240,879

Year	Participation rate					EFTS share				
	Under 18	18-24	25-39	40+	Total	Under 18	18-24	25-39	40+	Total
1994	7.1%	29.1%	9.3%	3.0%	9.0%	4.1%	64.1%	23.2%	8.4%	100.0%
1995	8.3%	29.8%	9.9%	3.2%	9.3%	4.1%	61.8%	24.7%	9.4%	100.0%
1996	6.3%	30.0%	10.3%	3.2%	9.2%	3.6%	59.8%	26.3%	10.2%	100.0%
1997	5.3%	29.7%	10.4%	3.3%	9.0%	3.5%	57.9%	27.6%	11.0%	100.0%
1998	4.6%	30.2%	10.3%	3.2%	8.9%	3.1%	57.4%	28.0%	11.4%	100.0%
1999	8.8%	34.0%	11.5%	3.6%	10.0%	3.5%	56.4%	28.0%	12.2%	100.0%
2000	10.1%	34.7%	12.4%	4.0%	10.6%	5.2%	54.5%	27.4%	12.7%	100.0%
2001	10.8%	36.3%	14.0%	4.6%	11.5%	5.5%	52.3%	28.0%	14.2%	100.0%
2002	9.3%	36.4%	16.0%	5.7%	12.6%	4.2%	49.3%	29.2%	17.2%	100.0%
2003	9.8%	36.3%	17.1%	6.7%	13.7%	4.5%	46.6%	29.1%	19.5%	100.0%
2004	10.7%	36.8%	18.3%	7.5%	14.3%	4.5%	46.3%	29.0%	20.2%	100.0%

Notes:

1. Data prior to 1999 excludes PTE and OTEP students.
2. Data relates to domestic students enrolled at any time during the year.
3. Total also includes those students with unknown ages.
4. Participation rate is the percentage of the population aged 15 and over who were students that year.
5. Excludes industry training, non-government funded PTEs, formal courses of a week or less, and all non-formal learning.

Source: Ministry of Education

Table 30 Participation in tertiary education by ethnic group 1994-2004

Year	Students						EFTS					
	European	Māori	Pasifika	Asian	Other	Total	European	Māori	Pasifika	Asian	Other	Total
1994	189,798	26,885	8,078	11,207	8,118	249,568	107,060	16,646	5,137	7,981	4,769	143,792
1995	194,731	29,552	8,858	12,621	11,191	263,041	108,669	18,022	5,524	9,118	6,695	150,091
1996	190,472	30,338	9,456	18,471	9,441	265,173	108,340	18,815	5,907	13,319	5,554	154,342
1997	186,170	31,047	9,574	21,794	9,010	263,347	109,231	20,340	6,337	16,209	5,508	160,050
1998	179,511	33,140	10,143	23,177	9,193	260,493	109,684	22,377	6,833	18,069	5,796	165,086
1999	194,752	44,837	14,660	25,894	10,044	296,204	116,099	26,524	8,677	19,622	6,300	180,060
2000	222,701	50,897	16,920	28,152	12,442	315,362	127,502	30,587	11,095	21,146	7,659	186,161
2001	234,956	67,095	19,667	30,208	14,078	345,732	132,061	37,438	12,586	22,432	8,631	200,311
2002	256,558	85,233	22,496	33,938	15,712	386,270	137,602	47,514	13,958	24,259	9,608	215,891
2003	281,138	91,397	25,375	44,818	18,923	427,631	144,153	54,311	16,077	29,421	11,418	235,160
2004	291,638	94,425	28,805	54,156	19,512	454,953	147,008	52,670	17,410	33,291	11,538	240,879
Year	Participation rate					Age-standardised participation rate						
2001	9.7%	18.1%	12.2%	14.3%		11.5%	10.5%	14.7%	9.1%	10.5%		11.5%
2002	10.5%	22.5%	13.6%	14.2%		12.6%	11.4%	19.2%	10.5%	10.0%		12.6%
2003	11.4%	23.5%	14.9%	16.6%		13.7%	12.1%	20.1%	11.6%	12.0%		13.4%
2004	11.8%	23.6%	16.4%	18.5%		14.3%	12.8%	20.6%	13.4%	14.0%		14.3%

Notes:

1. Data prior to 1999 excludes PTE and OTEP students.
2. Data relates to domestic students enrolled at any time during the year.
3. A student affiliating with more than one ethnic group has been counted in each group they affiliated with. Hence the sum may not add to the stated total number of students.
4. Total also includes those students whose ethnic group is unknown.
5. Participation rate is the percentage of the population aged 15 and over who were students.
6. The age-standardised participation rate is the estimated rate that would result if each ethnic group had the same age distribution as the national population in 2004.
7. Excludes industry training, non-government funded PTEs, formal courses of a week or less, and all non-formal learning.

Source: Ministry of Education

Table 31 (Figure 2) Participation in tertiary education by ethnic group and level 2004

	Student share				EFTS share			
	Sub-degree	Bachelors	Postgraduate	All levels	Sub-degree	Bachelors	Postgraduate	All levels
European	65.2%	30.6%	7.5%	100.0%	44.2%	47.0%	8.8%	100.0%
Māori	84.8%	16.2%	2.8%	100.0%	75.7%	21.3%	3.0%	100.0%
Pasifika	77.5%	22.5%	3.0%	100.0%	66.8%	30.1%	3.1%	100.0%
Asian	64.8%	32.4%	8.4%	100.0%	44.3%	46.2%	9.5%	100.0%
Other	59.5%	34.3%	9.6%	100.0%	45.5%	44.6%	9.9%	100.0%
Total	69.2%	27.8%	6.8%	100.0%	52.1%	40.3%	7.6%	100.0%
	Participation rate				Age-standardised participation rate			
	Sub-degree	Bachelors	Postgraduate	All levels	Sub-degree	Bachelors	Postgraduate	All levels
European	7.7%	3.6%	0.9%	11.8%	8.4%	3.9%	1.0%	12.8%
Māori	20.0%	3.8%	0.7%	23.6%	17.5%	3.3%	0.6%	20.6%
Pasifika	12.7%	3.7%	0.5%	16.4%	10.4%	3.0%	0.4%	13.4%
Asian	12.0%	6.0%	1.6%	18.5%	9.0%	4.5%	1.2%	14.0%
Other								
Total	9.9%	4.0%	1.0%	14.3%	9.9%	4.0%	1.0%	14.3%

Notes:

1. Data relates to domestic students enrolled at any time during the year.
2. Total also includes those students whose ethnic group is unknown.
3. Students are counted in each ethnic group they affiliate with, and at each level they studied.
4. Participation rate is the percentage of the population aged 15 and over who were students.
5. The age-standardised participation rate is the estimated rate that would result if each ethnic group had the same age distribution as the national population in 2004.
6. Excludes industry training, non-government funded PTEs, formal courses of a week or less, and all non-formal learning.

Source: Ministry of Education

Table 32 (Figure 3) Participation in tertiary education by qualification level 1999-2004

Students								
Year	Level 1-3 Certificate	Level 4 Certificate	Level 5-6 Diploma	Level 7 Bachelors	Level 8 Hons/PG Cert/Dip	Level 9 Masters	Level 10 Doctorate	All levels
1999	111,155	9,039	45,441	115,628	14,024	9,698	3,165	296,204
2000	127,334	8,307	49,977	118,713	14,177	9,486	3,378	315,362
2001	150,782	11,544	53,610	122,591	14,050	9,938	3,474	345,732
2002	181,274	21,948	54,165	125,549	14,410	10,764	3,644	386,270
2003	217,810	34,953	53,926	127,830	15,188	10,903	3,810	427,631
2004	238,261	44,673	53,635	126,634	16,302	11,324	3,978	454,953
EFTS								
Year	Level 1-3 Certificate	Level 4 Certificate	Level 5-6 Diploma	Level 7 Bachelors	Level 8 Hons/PG Cert/Dip	Level 9 Masters	Level 10 Doctorate	All levels
1999	42,153	2,442	26,168	90,741	9,063	6,711	2,782	180,060
2000	49,946	1,998	25,741	91,042	8,138	6,285	3,012	186,161
2001	59,279	3,709	27,465	92,890	7,892	6,100	2,977	200,311
2002	62,206	11,877	29,221	95,304	7,913	6,293	3,077	215,891
2003	72,654	19,020	28,664	97,063	8,244	6,378	3,137	235,160
2004	76,287	21,264	27,917	97,045	8,284	6,667	3,416	240,879
Participation rate								
Year	Level 1-3 Certificate	Level 4 Certificate	Level 5-6 Diploma	Level 7 Bachelors	Level 8 Hons/PG Cert/Dip	Level 9 Masters	Level 10 Doctorate	All levels
1999	3.8%	0.3%	1.5%	3.9%	0.47%	0.33%	0.11%	10.0%
2000	4.3%	0.3%	1.7%	4.0%	0.48%	0.32%	0.11%	10.6%
2001	5.0%	0.4%	1.8%	4.1%	0.47%	0.33%	0.12%	11.5%
2002	5.9%	0.7%	1.8%	4.1%	0.47%	0.35%	0.12%	12.6%
2003	7.0%	1.1%	1.7%	4.1%	0.49%	0.35%	0.12%	13.7%
2004	7.5%	1.4%	1.7%	4.0%	0.51%	0.36%	0.13%	14.3%
EFTS share								
Year	Level 1-3 Certificate	Level 4 Certificate	Level 5-6 Diploma	Level 7 Bachelors	Level 8 Hons/PG Cert/Dip	Level 9 Masters	Level 10 Doctorate	All levels
1999	23.4%	1.4%	14.5%	50.4%	5.0%	3.7%	1.5%	100.0%
2000	26.8%	1.1%	13.8%	48.9%	4.4%	3.4%	1.6%	100.0%
2001	29.6%	1.9%	13.7%	46.4%	3.9%	3.0%	1.5%	100.0%
2002	28.8%	5.5%	13.5%	44.1%	3.7%	2.9%	1.4%	100.0%
2003	30.9%	8.1%	12.2%	41.3%	3.5%	2.7%	1.3%	100.0%
2004	31.7%	8.8%	11.6%	40.3%	3.4%	2.8%	1.4%	100.0%

- Notes: 1. Data relates to domestic students enrolled at any time during the year.
2. Students have been counted in each qualification level they were enrolled at.
3. All levels also includes those students whose qualification levels were unknown.
4. Participation rate is the percentage of the population aged 15 and over who were students.
5. Excludes industry training, non-government funded PTEs, formal courses of a week or less, and all non-formal learning.

Source: Ministry of Education

Table 33 Participation in tertiary education by provider type 1999-2004

Students								
Year	Universities	ITPs	Colleges of Education	Wānanga	Total TEIs	OTEPs	PTEs	Total
1999	129,756	117,594	13,729	2,043	258,568	1,837	36,508	296,204
2000	129,275	123,362	14,318	4,408	266,788	4,442	47,028	315,362
2001	131,518	125,593	13,968	16,959	282,311	4,391	64,889	345,732
2002	135,454	137,616	13,504	44,587	322,777	5,360	65,939	386,270
2003	136,433	177,900	13,462	65,357	376,153	5,696	58,515	427,631
2004	135,937	201,080	13,925	69,925	401,059	5,121	63,492	454,953
EFTS								
Year	Universities	ITPs	Colleges of Education	Wānanga	Total TEIs	OTEPs	PTEs	Total
1999	99,783	56,744	8,402	1,817	166,746	1,517	11,797	180,060
2000	95,966	52,248	8,290	2,840	159,344	1,798	25,020	186,161
2001	97,656	53,717	7,924	7,660	166,957	1,604	31,750	200,311
2002	99,563	55,619	7,923	22,783	185,888	1,886	28,116	215,891
2003	100,021	61,922	7,928	34,596	204,468	1,981	28,711	235,160
2004	100,188	68,532	8,018	32,017	208,754	1,876	30,248	240,879
Student share								
Year	Universities	ITPs	Colleges of Education	Wānanga	Total TEIs	OTEPs	PTEs	Total
1999	43.8%	39.7%	4.6%	0.7%	87.3%	0.6%	12.3%	100.0%
2000	41.0%	39.1%	4.5%	1.4%	84.6%	1.4%	14.9%	100.0%
2001	38.0%	36.3%	4.0%	4.9%	81.7%	1.3%	18.8%	100.0%
2002	35.1%	35.6%	3.5%	11.5%	83.6%	1.4%	17.1%	100.0%
2003	31.9%	41.6%	3.1%	15.3%	88.0%	1.3%	13.7%	100.0%
2004	29.9%	44.2%	3.1%	15.4%	88.2%	1.1%	14.0%	100.0%
EFTS share								
Year	Universities	ITPs	Colleges of Education	Wānanga	Total TEIs	OTEPs	PTEs	Total
1999	55.4%	31.5%	4.7%	1.0%	92.6%	0.8%	6.6%	100.0%
2000	51.5%	28.1%	4.5%	1.5%	85.6%	1.0%	13.4%	100.0%
2001	48.8%	26.8%	4.0%	3.8%	83.3%	0.8%	15.9%	100.0%
2002	46.1%	25.8%	3.7%	10.6%	86.1%	0.9%	13.0%	100.0%
2003	42.5%	26.3%	3.4%	14.7%	86.9%	0.8%	12.2%	100.0%
2004	41.6%	28.5%	3.3%	13.3%	86.7%	0.8%	12.6%	100.0%

Notes: 1. Data relates to domestic students enrolled at any time during the year.

2. Students have been counted in each qualification level they were enrolled at.

3. Institutions have for all years been categorised according to the provider type they belonged to in 2003.

4. Excludes industry training, non-government funded PTEs, formal courses of a week or less, and all non-formal learning.

Source: Ministry of Education

Table 34 Participation in tertiary education by field of study 2004

Field	Students	Student share	Students at Bachelors level or higher	EFTS	EFTS share	EFTS at Bachelors level or higher
Management and Commerce	94,537	20.8%	37.1%	43,263	18.0%	50.2%
Mixed Field Programmes	93,404	20.5%	9.9%	30,838	12.8%	16.9%
Society and Culture	84,561	18.6%	49.0%	55,203	22.9%	55.0%
Health	59,846	13.2%	31.3%	18,132	7.5%	71.5%
Education	35,130	7.7%	44.3%	17,788	7.4%	61.0%
Engineering and Related Technologies	33,695	7.4%	20.9%	15,727	6.5%	38.7%
Information Technology	25,709	5.6%	14.8%	10,010	4.2%	25.7%
Agriculture, Environmental and Related Studies	20,579	4.5%	9.9%	7,260	3.0%	19.1%
Natural and Physical Sciences	19,557	4.3%	88.6%	14,680	6.1%	94.9%
Creative Arts	19,462	4.3%	49.6%	15,376	6.4%	55.6%
Food, Hospitality and Personal Services	11,291	2.5%	1.6%	6,374	2.6%	2.3%
Architecture and Building	11,203	2.5%	17.1%	6,226	2.6%	26.1%
Total	455,080	100.0%	34.8%	240,878	100.0%	47.9%

- Notes: 1. Data relates to domestic students enrolled at any time during the year.
2. Students have been counted in each qualification level they were enrolled at and therefore the sum may not add to the stated total number of students.
3. Excludes industry training, non-government funded PTEs, formal courses of a week or less, and all non-formal learning.

Source: Ministry of Education

Table 35 Participation in tertiary education by domestic and international students 1994-2004

Year	Students			Year	EFTS		
	Domestic	International	Total		Domestic	International	Total
1994	249,568	5,978	255,546	1994	143,792	4,623	148,416
1995	263,041	6,549	269,590	1995	150,091	5,571	155,662
1996	265,173	8,135	273,308	1996	154,342	6,931	161,272
1997	263,347	9,696	273,043	1997	160,050	7,770	167,821
1998	260,493	9,293	269,786	1998	165,086	7,336	172,422
1999	296,204	11,935	308,139	1999	180,060	8,992	189,052
2000	315,363	16,579	331,942	2000	186,161	12,569	198,731
2001	345,737	26,107	371,844	2001	200,311	19,575	219,886
2002	386,285	38,867	425,152	2002	215,891	29,779	245,670
2003	428,068	47,130	475,198	2003	235,159	37,126	272,285
2004	455,080	50,460	505,540	2004	240,878	40,895	281,772

Year	Student share			Year	EFTS share		
	Domestic	International	Total		Domestic	International	Total
1994	97.7%	2.3%	100.0%	1994	96.9%	3.1%	100.0%
1995	97.6%	2.4%	100.0%	1995	96.4%	3.6%	100.0%
1996	97.0%	3.0%	100.0%	1996	95.7%	4.3%	100.0%
1997	96.4%	3.6%	100.0%	1997	95.4%	4.6%	100.0%
1998	96.6%	3.4%	100.0%	1998	95.7%	4.3%	100.0%
1999	96.1%	3.9%	100.0%	1999	95.2%	4.8%	100.0%
2000	95.0%	5.0%	100.0%	2000	93.7%	6.3%	100.0%
2001	93.0%	7.0%	100.0%	2001	91.1%	8.9%	100.0%
2002	90.9%	9.1%	100.0%	2002	87.9%	12.1%	100.0%
2003	90.1%	9.9%	100.0%	2003	86.4%	13.6%	100.0%
2004	90.0%	10.0%	100.0%	2004	85.5%	14.5%	100.0%

- Notes: 1. Data prior to 1999 excludes PTE and OTEP students.
2. Data relates to students enrolled at any time during the year.
3. Excludes industry training, non-government funded PTEs, formal courses of a week or less, and all non-formal learning.

Source: Ministry of Education

Statistical tables and figures (Chapter Two)

Table 36 (Figures 7, 9 & 11) Student loan borrowers and amounts borrowed in each academic year 1992-2004

Academic year	Number of borrowers	Total borrowing \$million	Average amount borrowed	Annual change		
				Number of borrowers	Total borrowing	Average amount borrowed
1992	44,202	160.4	\$3,628			
1993	68,411	272.2	\$3,979	54.8%	69.7%	9.7%
1994	79,338	341.9	\$4,309	16.0%	25.6%	8.3%
1995	89,817	398.1	\$4,432	13.2%	16.4%	2.9%
1996	95,411	443.6	\$4,649	6.2%	11.4%	4.9%
1997	105,038	577.1	\$5,494	10.1%	30.1%	18.2%
1998	114,387	653.6	\$5,714	8.9%	13.3%	4.0%
1999	115,142	566.2	\$4,917	0.7%	-13.4%	-13.9%
2000	128,107	776.1	\$6,058	11.3%	37.1%	23.2%
2001	148,174	909.0	\$6,135	15.7%	17.1%	1.3%
2002	150,575	934.2	\$6,204	1.6%	2.8%	1.1%
2003	156,250	986.9	\$6,316	3.8%	5.6%	1.8%
2004	157,032	982.7	\$6,258	0.5%	-0.4%	-0.9%

Source: Ministry of Social Development and Ministry of Education

Table 37 (Figure 12) Average and median amount borrowed 1992-2004

Academic year	Average amount borrowed	Change	Median amount borrowed	Change
1992	\$3,628			
1993	\$3,979	9.7%		
1994	\$4,309	8.3%		
1995	\$4,432	2.9%		
1996	\$4,649	4.9%		
1997	\$5,494	18.2%		
1998	\$5,714	4.0%		
1999	\$4,917	-13.9%		
2000	\$6,058	24.2%	\$5,377	
2001	\$6,135	1.2%	\$5,487	2.0%
2002	\$6,204	1.1%	\$5,383	-1.9%
2003	\$6,316	1.9%	\$5,403	0.4%
2004	\$6,258	-1.7%	\$5,424	0.4%

Note:

- The decrease in average borrowing for 1999 was due to the decrease in the maximum course-related costs entitlement from \$1,000 in 1998 to \$500 in 1999.

Source: Ministry of Social Development

Table 38 (Figure 7) Age of new borrowers 2002-2004

	2002	2003	2004
Under 18	4,011	3,685	3,622
18 - 20	22,845	22,979	22,694
21 - 23	7,146	6,363	5,306
24 - 26	5,174	4,673	3,643
27 - 29	4,504	4,269	3,503
30 - 32	4,057	3,805	3,242
33 - 35	3,189	3,131	2,842
36 - 38	2,790	2,715	2,330
39 - 41	2,441	2,399	2,067
42 - 44	1,933	1,822	1,825
45 - 47	1,430	1,415	1,347
48 - 50	999	993	1,016
51 - 54	868	773	841
55 - 59	613	522	562
60 - 64	402	308	259
65 & over	361	279	280
Total	62,763	60,131	55,379

Notes:

- These are new borrowers who had not otherwise borrowed since the Ministry of Social Development took over student loans in 2000.
- This data is provisional.

Source: Ministry of Social Development

Table 39 (Figure 8) Gender of new borrowers 2002-2004

	2002	2003	2004
Female	35,797	35,231	33,161
Male	26,966	24,900	22,218
Total	62,763	60,131	55,379

Notes:

1. These are new borrowers who had not otherwise borrowed since the Ministry of Social Development took over student loans in 2000.
2. This data is provisional.

Source: Ministry of Social Development

Table 40 (Table 3) Ethnic group of new borrowers 2002-2004

	2002	2003	2004
European	28,172	23,433	22,188
Māori	8,480	6,999	6,083
Pasifika	3,359	2,887	2,657
Asian	5,119	5,182	5,729
Other	1,825	1,642	1,051
European and Māori	2,665	2,084	1,710
European and Pasifika	470	403	409
Māori and Pasifika	278	215	197
European and Asian	166	162	201
Māori and Asian	47	25	21
Pasifika and Asian	209	144	54
European and Other	291	204	125
Māori and Other	94	79	20
Pasifika and Other	55	31	15
Asian and Other	334	198	88
3 ethnic groups	288	246	181
4 or more ethnic groups	22	22	8
Unspecified	10,889	16,175	14,642
Total	62,763	60,131	55,379

Notes:

1. These are new borrowers who had not otherwise borrowed since the Ministry of Social Development took over student loans in 2000.
2. This data is provisional.

Source: Ministry of Social Development

Table 41 (Figures 10 & 41) Student loan borrowers by study status and percentage increase in borrowers 2000-2004

Study status	2000	2001	2002	2003	2004
Full-time full-year	92,008	107,202	112,653	115,549	115,158
Full-time part-year	25,671	23,608	24,621	23,472	21,692
Part-time full-year	10,428	15,335	13,178	17,229	19,051
Part-time part-year					1,131
Total	128,107	146,145	150,452	156,250	157,032
	Increase 2000-2001	Increase 2001-2002	Increase 2002-2003	Increase 2003-2004	
Full-time full-year	16.5%	5.1%	2.6%	-0.3%	
Full-time part-year	-8.0%	4.3%	-4.7%	-7.6%	
Part-time full-year	47.1%	-14.1%	30.7%	10.6%	
Part-time part-year					
Total	14.1%	2.9%	3.9%	0.5%	

Notes:

1. The category 'part-time, part-year' was introduced in 2004 to reflect a new policy introduced from 1 January 2004 for access for those students studying 0.3 EFTS or more. These students can borrow for fees and course-related costs only.
2. The totals for 2000 and 2001 in this table differ slightly from totals elsewhere in the report, due to historic changes and improvements to the method used to identify and extract students who commenced study in one year and finished in the following year.

Source: Ministry of Social Development

Table 42 (Figures 13 & 14) Loans by component 2000-2004

		2000	2001	2002	2003	2004
Course fees	Amount borrowed (\$million)	468.9	551.6	561.0	594.5	589.6
	Borrowers	122,833	138,391	139,385	144,737	145,549
	Average borrowed (\$)	3,817	3,986	4,025	4,107	4,051
	Annual increase (%)	19.8%	4.4%	1.0%	2.1%	-1.4%
Course-related costs	Amount borrowed (\$million)	65.0	88.2	90.8	95.2	92.4
	Borrowers	72,591	94,356	96,575	101,691	98,506
	Average borrowed (\$)	896	935	940	936	938
	Annual increase (%)	132.5%*	4.4%	0.6%	-0.5%	0.2%
Living costs	Amount borrowed (\$million)	242.1	269.2	282.3	298.3	293.6
	Borrowers	71,012	77,527	78,046	79,647	77,890
	Average borrowed (\$)	3,410	3,472	3,617	3,745	3,770
	Annual increase (%)	0.0%	1.8%	4.2%	3.5%	0.7%

Source: Ministry of Education and Ministry of Social Development

Table 43 (Figure 15) Percentage of borrowers by gender 1992-2004

Year	Male	Female
1992	53.7%	46.3%
1993	50.9%	49.1%
1994	49.9%	50.1%
1995	48.5%	51.5%
1996	48.1%	51.9%
1997	47.1%	52.9%
1998	46.6%	53.4%
1999	44.5%	55.5%
2000	44.2%	55.8%
2001	43.4%	56.6%
2002	43.1%	56.9%
2003	41.7%	58.3%
2004	40.2%	59.8%

Source: Ministry of Education and Ministry of Social Development

Table 44 (Figures 16 and 17) Average and median annual amount borrowed by gender 2000-2004

	Average		
	Female	Male	Total
2000	\$5,957	\$6,558	\$6,058
2001	\$5,751	\$6,576	\$6,135
2002	\$5,845	\$6,677	\$6,204
2003	\$5,951	\$6,945	\$6,316
2004	\$5,985	\$6,665	\$6,258
	Median		
	Female	Male	Total
2000	\$5,133	\$5,686	\$5,377
2001	\$5,222	\$5,838	\$5,487
2002	\$5,112	\$5,722	\$5,383
2003	\$5,157	\$5,730	\$5,403
2004	\$5,201	\$5,689	\$5,424

Note:

1. The median data is provisional.

Source: Ministry of Social Development

Table 45 (Figure 18) Borrowers and amount borrowed by age and gender 2000-2004

Age group	Gender	Number of borrowers					Incr 2000-2001
		2000	2001	2002	2003	2004	
Under 18 yrs		3,189	4,129	4,462	4,227	4,148	29.5%
	Female	1,749	2,218	2,419	2,299	2,326	26.8%
	Male	1,440	1,911	2,043	1,928	1,822	32.7%
18 - 20 yrs		37,537	41,642	41,895	42,616	42,514	10.9%
	Female	20,641	23,220	23,505	24,337	24,722	12.5%
	Male	16,896	18,422	18,390	18,279	17,792	9.0%
21 - 23 yrs		30,992	34,444	35,800	37,286	37,456	11.1%
	Female	16,502	18,521	19,312	20,603	21,115	12.2%
	Male	14,490	15,923	16,488	16,683	16,341	9.9%
24 - 26 yrs		13,420	15,435	15,555	16,611	16,780	15.0%
	Female	6,986	8,141	8,423	9,127	9,523	16.5%
	Male	6,434	7,294	7,132	7,484	7,257	13.4%
27 - 29 yrs		9,225	10,743	10,464	11,080	10,932	16.5%
	Female	5,052	6,063	5,847	6,442	6,581	20.0%
	Male	4,173	4,680	4,617	4,638	4,351	12.1%
30 - 32 yrs		7,251	8,921	9,004	9,308	9,258	23.0%
	Female	4,189	5,098	5,164	5,607	5,685	21.7%
	Male	3,062	3,823	3,840	3,701	3,573	24.9%
33 - 35 yrs		6,092	7,314	7,197	7,677	7,753	20.1%
	Female	3,508	4,344	4,330	4,697	4,947	23.8%
	Male	2,584	2,970	2,867	2,980	2,806	14.9%
36 - 38 yrs		5,720	6,508	6,210	6,462	6,349	13.8%
	Female	3,487	4,007	3,849	4,139	4,212	14.9%
	Male	2,233	2,501	2,361	2,323	2,137	12.0%
39 - 41 yrs		4,437	5,467	5,521	5,732	5,574	23.2%
	Female	2,816	3,482	3,593	3,821	3,823	23.7%
	Male	1,621	1,985	1,928	1,911	1,751	22.5%
42 - 44 yrs		3,394	4,216	4,239	4,417	4,757	24.2%
	Female	2,226	2,772	2,809	3,009	3,349	24.5%
	Male	1,168	1,444	1,430	1,408	1,408	23.6%
45 - 47 yrs		2,517	3,123	3,157	3,376	3,622	24.1%
	Female	1,667	2,081	2,096	2,328	2,548	24.8%
	Male	850	1,042	1,061	1,048	1,074	22.6%
48 - 50 yrs		1,665	2,156	2,245	2,459	2,604	29.5%
	Female	1,120	1,406	1,491	1,664	1,841	25.5%
	Male	545	750	754	795	763	37.6%
51 - 54 yrs		1,532	2,093	2,242	1,983	2,171	36.6%
	Female	969	1,371	1,474	1,314	1,447	41.5%
	Male	563	722	768	669	724	28.2%
55 - 59 yrs		625	977	1,163	1,335	1,490	56.3%
	Female	374	624	756	863	952	66.8%
	Male	251	353	407	472	538	40.6%
60 - 64 yrs		288	491	641	832	751	70.5%
	Female	151	256	360	513	470	69.5%
	Male	137	235	281	319	281	71.5%
65 yrs and over		223	515	780	849	873	130.9%
	Female	89	212	322	388	412	138.2%
	Male	134	303	458	461	461	126.1%
Total	Total	128,107	148,174	150,575	156,250	157,032	15.7%
	Female	71,526	83,816	85,750	91,151	93,953	17.2%
	Male	56,581	64,358	64,825	65,099	63,079	13.7%

Source: Ministry of Social Development

Amount borrowed (\$'000)

Incr 2001-2002	Incr 2002-2003	Incr 2003-2004	2000	2001	2002	2003	2004
8.1%	-5.3%	-1.9%	21,702	28,147	30,410	28,834	28,097
9.1%	-5.0%	1.2%	12,694	15,963	17,281	16,173	16,053
6.9%	-5.6%	5.5	9,008	12,183	13,129	12,661	12,044
0.6%	1.7%	-0.2%	248,773	285,445	290,535	301,784	303,138
1.2%	3.5%	1.6%	135,418	156,868	159,331	167,401	174,149
-0.2%	-0.6%	-2.7%	113,354	128,577	131,204	134,382	128,989
3.9%	4.2%	0.5%	214,900	237,616	248,568	262,229	265,380
4.3%	6.7%	2.5%	110,858	121,716	127,124	137,877	144,479
3.5%	1.2%	-2.0%	104,042	115,900	121,444	124,353	120,901
0.8%	6.8%	1.0%	79,139	90,790	92,076	100,243	99,558
3.5%	8.4%	4.3%	37,752	44,086	45,499	49,867	53,345
-2.2%	4.9%	-3.0%	41,387	46,704	46,577	50,375	46,214
-2.6%	5.9%	-1.3%	47,451	56,166	56,449	61,631	57,637
-3.6%	10.2%	2.2%	24,097	29,124	28,275	31,465	32,643
-1.3%	0.5%	-6.2%	23,354	27,042	28,174	30,167	24,994
0.9%	3.4%	-0.5%	36,474	47,087	47,294	51,028	48,854
1.3%	8.6%	1.4%	19,456	24,399	24,110	27,449	27,933
0.4%	-3.6%	-3.5%	17,017	22,688	23,184	23,578	20,921
-1.6%	6.7%	1.0%	29,578	37,420	36,476	41,001	39,010
-0.3%	8.5%	5.3%	15,805	20,450	19,808	22,086	23,030
-3.5%	3.9%	-5.8%	13,774	16,971	16,668	18,915	15,979
-4.6%	4.1%	-1.7%	27,471	31,800	30,438	33,263	31,882
-3.9%	7.5%	1.8%	15,879	18,511	17,384	19,297	19,696
-5.6%	-1.6%	-8.0%	11,592	13,290	13,054	13,966	12,186
1.0%	3.8%	-2.8%	20,677	25,731	26,500	28,365	27,117
3.2%	6.3%	0.1%	12,535	15,563	16,217	17,498	17,902
-2.9%	-0.9%	-8.4%	8,142	10,168	10,283	10,867	9,215
0.5%	4.2%	7.7%	16,119	20,192	19,620	21,094	22,945
1.3%	7.1%	11.3%	10,302	12,699	12,289	13,431	15,317
-1.0%	-1.5%	0.0%	5,818	7,493	7,330	7,663	7,628
1.1%	6.9%	7.3%	11,984	14,742	14,909	16,523	17,625
0.7%	11.1%	9.5%	7,517	9,443	9,649	10,842	12,108
1.8%	-1.2%	2.5%	4,467	5,299	5,260	5,681	5,516
4.1%	9.5%	5.9%	8,151	10,172	10,517	11,646	12,145
6.0%	11.6%	10.6%	5,356	6,327	6,863	7,583	8,302
0.5%	5.4%	-4.0%	2,795	3,845	3,654	4,063	3,843
7.1%	-11.6%	9.5%	7,337	10,496	11,107	9,261	10,378
7.5%	-10.9%	10.1%	4,573	6,942	7,166	6,067	6,700
6.4%	-12.9%	8.2%	2,764	3,554	3,941	3,194	3,678
19.0%	14.8%	11.6%	3,234	5,714	7,229	7,330	7,872
21.2%	14.2%	10.3%	1,879	3,633	4,688	4,461	4,950
15.3%	16.0%	14.0%	1,356	2,081	2,541	2,869	2,923
30.5%	29.8%	-9.7%	1,70	3,673	5,294	5,851	4,559
40.6%	42.5%	-8.4%	867	1,815	2,893	3,566	2,855
19.6%	13.5%	-11.9%	837	1,858	2,401	2,285	1,704
51.5%	8.8%	2.8%	1,329	3,797	6,682	6,720	6,509
51.9%	20.5%	6.2%	483	1,359	2,661	2,839	2,841
51.2%	0.7%	0.0%	847	2,438	4,021	3,881	3,668
1.6%	3.8%	0.5%	776,022	908,989	934,105	986,803	982,706
2.3%	6.3%	3.1%	415,469	488,899	501,238	537,903	562,302
0.7%	0.4%	-3.1%	360,554	420,090	432,867	448,900	420,404

Table 46 (Figure 19) Borrowers and amount borrowed by ethnic group and gender 2000-2004

Ethnic Group	Gender	Number of Borrowers					Incr 2000 -2001	Incr 2001 -2002
		2000	2001	2002	2003	2004		
European		59,779	70,996	73,175	72,828	74,893	18.8%	3.1%
	Female	33,259	39,484	41,165	41,698	43,953	18.7%	4.3%
	Male	26,520	31,512	32,010	31,130	30,940	18.8%	1.6%
Māori		13,914	18,797	18,036	19,267	20,274	35.1%	-4.0%
	Female	8,448	11,543	11,011	11,958	13,082	36.6%	-4.6%
	Male	5,466	7,254	7,025	7,309	7,192	32.7%	-3.2%
Pasifika		5,756	6,895	7,612	7,932	8,316	19.8%	10.4%
	Female	3,453	4,126	4,492	4,749	5,200	19.5%	8.9%
	Male	2,303	2,769	3,120	3,183	3,116	20.2%	12.7%
Asian		9,362	11,612	13,402	14,909	17,571	24.0%	15.4%
	Female	4,617	5,877	6,919	7,687	9,212	27.3%	17.7%
	Male	4,745	5,735	6,483	7,222	8,359	20.9%	13.0%
Other		3,178	4,131	4,676	4,646	3,638	30.0%	13.2%
	Female	1,440	1,929	2,163	2,199	1,672	34.0%	12.1%
	Male	1,738	2,202	2,513	2,447	1,966	26.7%	14.1%
European and Māori		2,652	4,522	5,677	6,124	5,891	70.5%	25.5%
	Female	1,561	2,647	3,341	3,729	3,792	69.6%	26.2%
	Male	1,091	1,875	2,336	2,395	2,099	71.9%	24.6%
European and Pasifika		602	852	1,089	1,201	1,282	41.5%	27.8%
	Female	319	462	588	664	762	44.8%	27.3%
	Male	283	390	501	537	520	37.8%	28.5%
Māori and Pasifika		304	432	545	611	627	42.1%	26.2%
	Female	179	237	321	380	390	32.4%	35.4%
	Male	125	195	224	231	237	56.0%	14.9%
European and Asian		252	345	438	508	668	36.9%	27.0%
	Female	126	180	228	266	363	42.9%	26.7%
	Male	126	165	210	242	305	31.0%	27.3%
Māori and Asian		38	52	62	97	79	36.8%	19.2%
	Female	21	28	27	43	42	33.3%	-3.6%
	Male	17	24	35	54	37	41.2%	45.8%
Pasifika and Asian		227	368	495	512	333	62.1%	34.5%
	Female	114	188	248	258	192	64.9%	31.9%
	Male	113	180	247	254	141	59.3%	37.2%
European and Other		206	440	753	815	709	113.6%	71.1%
	Female	94	210	387	435	407	123.4%	84.3%
	Male	112	230	366	380	302	105.4%	59.1%
Māori and Other		79	136	189	234	125	72.2%	39.0%
	Female	47	81	102	129	72	72.3%	25.9%
	Male	32	55	87	105	53	71.9%	58.2%
Pasifika and Other		49	76	102	111	71	55.1%	34.2%
	Female	30	44	51	59	42	46.7%	15.9%
	Male	19	32	51	52	29	68.4%	59.4%
Asian and Other		142	426	833	939	593	200.0%	95.5%
	Female	60	208	416	473	287	246.7%	100.0%
	Male	82	218	417	466	306	165.9%	91.3%
3 ethnic groups		223	440	625	711	652	97.3%	42.0%
	Female	123	245	335	392	387	99.2%	36.7%
	Male	100	195	290	319	265	95.0%	48.7%
4 or more ethnic groups		17	26	46	71	75	52.9%	76.9%
	Female	8	14	25	39	37	75.0%	78.6%
	Male	9	12	21	32	38	33.3%	75.0%
Unspecified		31,327	27,628	22,820	24,734	21,235	-11.8%	-17.4%
	Female	17,627	16,313	13,931	15,993	14,061	-7.5%	-14.6%
	Male	13,700	11,315	8,889	8,741	7,174	-17.4%	-21.4%
Total	Total	128,107	148,174	150,575	156,250	157,032	15.7%	1.6%
	Female	71,526	83,816	85,750	91,151	93,953	17.2%	2.3%
	Male	56,581	64,358	64,825	65,099	63,079	13.7%	0.7%

Source: Ministry of Social Development

		Amount borrowed (\$'000)								
Incr 2002 -2003	Incr 2003 -2004	2000	2001	2002	2003	2004	Incr 2000 -2001	Incr 2001 -2002	Incr 2002 -2003	Incr 2003 -2004
-0.5%	2.8%	366,813	441,812	467,835	484,495	492,383	20.4%	5.9%	3.6%	1.6%
1.3%	5.4%	195,066	233,618	248,389	258,312	276,487	19.8%	6.3%	4.0%	7.0%
-2.7%	-0.6%	171,746	208,194	219,446	226,183	215,896	21.2%	5.4%	3.1%	-4.5%
6.8%	5.2%	80,092	109,020	103,427	110,967	115,884	36.1%	-5.1%	7.3%	4.4%
8.6%	9.4%	45,900	64,026	59,820	65,808	71,650	39.5%	-6.6%	10.0%	8.9%
4.0%	-1.6%	34,192	44,994	43,607	45,159	44,234	31.6%	-3.1%	3.6%	-2.0%
4.2%	4.8%	36,845	42,416	47,647	50,432	52,475	15.1%	12.3%	5.8%	4.1%
5.7%	9.5%	22,013	24,747	27,401	29,257	32,426	12.4%	10.7%	6.8%	10.8%
2.0%	-2.1%	14,832	17,669	20,246	21,174	20,048	19.1%	14.6%	4.6%	-5.3%
11.2%	17.9%	54,686	71,932	87,742	97,008	112,611	31.5%	22.0%	10.6%	16.1%
11.1%	19.8%	25,765	35,007	43,799	48,494	57,376	35.9%	25.1%	10.7%	18.3%
11.4%	15.7%	28,921	36,925	43,943	48,514	55,235	27.7%	19.0%	10.4%	13.9%
-0.6%	-21.7%	18,926	24,486	28,487	28,999	22,081	29.4%	16.3%	1.8%	-23.9%
1.7%	-24.0%	8,281	11,255	12,761	12,946	10,003	35.9%	13.4%	1.4%	-22.7%
-2.6%	-19.7%	10,646	13,231	15,726	16,053	12,077	24.3%	18.9%	2.1%	-24.8%
7.9%	-3.8%	16,173	27,362	35,045	39,185	37,169	69.2%	28.1%	11.8%	-5.1%
11.6%	1.7%	9,316	15,357	19,881	22,578	23,197	64.8%	29.5%	13.6%	2.7%
2.5%	-12.4%	6,857	12,005	15,165	16,607	13,973	75.1%	26.3%	9.5%	-15.9%
10.3%	6.7%	3,770	5,592	7,133	7,954	8,211	48.3%	27.6%	11.5%	3.2%
12.9%	14.8%	2,014	2,872	3,561	4,229	4,670	42.6%	24.0%	18.8%	10.4%
7.2%	-3.2%	1,756	2,720	3,572	3,725	3,541	54.9%	31.3%	4.3%	-4.9%
12.1%	2.6%	2,000	2,565	3,418	3,727	3,791	28.3%	33.3%	9.0%	1.7%
18.4%	2.6%	1,148	1,406	2,044	2,285	2,265	22.5%	45.4%	11.8%	-0.9%
3.1%	2.6%	852	1,159	1,374	1,443	1,526	36.0%	18.6%	5.0%	5.8%
16.0%	31.5%	1,544	2,196	2,776	3,447	4,632	42.2%	26.4%	24.2%	34.4%
16.7%	36.5%	762	1,101	1,298	1,642	2,464	44.5%	17.9%	26.5%	50.0%
15.2%	26.0%	782	1,096	1,478	1,804	2,167	40.2%	34.9%	22.1%	20.1%
56.5%	-18.6%	227	266	354	506	461	17.2%	33.1%	42.8%	-8.8%
59.3%	-2.3%	131	144	146	208	231	9.9%	1.4%	42.4%	11.0%
54.3%	-31.5%	96	123	208	298	230	28.1%	69.1%	43.1%	-22.6%
3.4%	-35.0%	1,366	2,253	3,352	3,278	2,094	64.9%	48.8%	-2.2%	-36.1%
4.0%	-25.6%	682	1,088	1,525	1,569	1,209	59.5%	40.2%	2.9%	-22.9%
2.8%	-44.5%	684	1,165	1,828	1,709	885	70.3%	56.9%	-6.5%	-48.2%
8.2%	-13.0%	1,289	2,646	4,854	5,498	4,741	105.3%	83.4%	13.3%	-13.8%
12.4%	-6.4%	550	1,180	2,280	2,679	2,659	114.5%	93.2%	17.5%	-0.7%
3.8%	-20.5%	739	1,466	2,574	2,819	2,082	98.4%	75.6%	9.5%	-26.1%
23.8%	-46.6%	477	822	1,058	1,354	772	72.3%	28.7%	28.0%	-43.0%
26.5%	-44.2%	287	502	571	728	462	74.9%	13.7%	27.5%	-36.6%
20.7%	-49.5%	190	320	487	626	310	68.4%	52.2%	28.5%	-50.4%
8.8%	-36.0%	327	423	588	678	452	29.4%	39.0%	15.4%	-33.4%
15.7%	-28.8%	196	224	287	338	247	14.3%	28.1%	17.9%	-27.1%
2.0%	-44.2%	132	199	301	340	205	50.8%	51.3%	13.0%	-39.7%
12.7%	-36.8%	835	2,393	4,891	5,372	3,412	186.6%	104.4%	9.8%	-36.5%
13.7%	-39.3%	332	1,124	2,407	2,660	1,716	238.6%	114.1%	10.5%	-35.5%
11.8%	-34.3%	503	1,268	2,484	2,712	1,696	152.1%	95.9%	9.2%	-37.5%
13.8%	-8.3%	1,373	2,628	3,706	4,370	4,142	91.4%	41.0%	17.9%	-5.2%
17.0%	-1.3%	753	1,407	2,009	2,318	2,390	86.9%	42.8%	15.4%	3.1%
10.0%	-16.9%	620	1,222	1,697	2,052	1,752	97.1%	38.9%	20.9%	-14.6%
54.3%	5.6%	118	137	302	449	449	16.1%	120.4%	48.7%	0.1%
56.0%	-5.1%	49	60	157	238	206	22.4%	161.7%	51.3%	-13.1%
52.4%	18.8%	69	76	145	212	243	10.1%	90.8%	45.9%	14.9%
8.4%	-14.1%	189,160	170,038	131,487	139,085	116,945	-10.1%	-22.7%	5.8%	-15.9%
14.8%	-12.1%	102,223	93,779	72,902	81,615	72,644	-8.3%	-22.3%	12.0%	-11.0%
-1.7%	-17.9%	86,938	76,259	58,586	57,470	44,301	-12.3%	-23.2%	-1.9%	-22.9%
3.8%	0.5%	776,023	908,988	934,105	986,803	982,706	17.1%	2.8%	5.6%	-0.4%
6.3%	3.1%	415,468	488,897	501,238	537,903	562,302	17.7%	2.5%	7.3%	4.5%
0.4%	-3.1%	360,555	420,091	432,867	448,900	420,404	16.5%	3.0%	3.7%	-6.3%

Table 47 Borrowers by ethnic group and gender 2000-2004

Ethnic Group and Gender	2000	2001	2002	2003	2004
European	63,491	77,155	81,132	81,476	83,443
Female	35,359	42,983	45,709	46,792	49,277
Male	28,132	34,172	35,423	34,684	34,166
Māori	16,987	23,939	24,509	26,333	26,996
Female	10,256	14,536	14,802	16,239	17,378
Male	6,731	9,403	9,707	10,094	9,618
Pasifika	6,938	8,623	9,843	10,367	10,629
Female	4,095	5,057	5,700	6,110	6,586
Male	2,843	3,566	4,143	4,257	4,043
Asian	9,692	12,208	14,317	16,965	19,244
Female	4,778	6,179	7,379	8,727	10,096
Male	4,914	6,029	6,938	8,238	9,148
Other	3,894	5,675	7,224	6,745	5,136
Female	1,802	2,731	3,479	3,295	2,480
Male	2,092	2,944	3,745	3,450	2,656
Unspecified	31,567	28,094	23,491	25,516	21,962
Female	17,758	16,572	14,291	16,424	14,485
Male	13,809	11,522	9,200	9,092	7,477
Total	128,107	148,174	150,575	156,250	157,032
Female	71,526	83,816	85,750	91,151	93,953
Male	56,581	64,358	64,825	65,099	63,079

Notes:

1. A student identifying with two ethnic groups has been counted in each group.
2. Unspecified includes those declaring three or more ethnic groups.
3. Total also includes those students whose ethnic group is unknown.
4. Borrowers may record more than one ethnicity when applying for loans. Ethnicity is not a compulsory field on the loan application form.
5. Tables 47 & 48 present ethnic data in combination form, with those who declare more than one ethnicity identified separately. In the combination method, each person is assigned to a single category. Table 50 presents the same data on a total response basis. The total response method records each ethnicity nominated by each person. This means that a person reporting two ethnicities will have two entries in the table. Thus in Table 50 the sum of the columns will not equal the total of that column.

Source: Ministry of Social Development

Table 48 Percentage of borrowers by ethnic group and gender 2000-2004

Ethnic Group and Gender	2000	2001	2002	2003	2004
European	49.6%	52.1%	53.9%	52.1%	53.1%
Female	49.4%	51.3%	53.3%	51.3%	52.4%
Male	49.7%	53.1%	54.6%	53.3%	54.2%
Māori	13.3%	16.2%	16.3%	16.9%	17.2%
Female	14.3%	17.3%	17.3%	17.8%	18.5%
Male	11.9%	14.6%	15.0%	15.5%	15.2%
Pasifika	5.4%	5.8%	6.5%	6.6%	6.8%
Female	5.7%	6.0%	6.6%	6.7%	7.0%
Male	5.0%	5.5%	6.4%	6.5%	6.4%
Asian	7.6%	8.2%	9.5%	10.9%	12.3%
Female	6.7%	7.4%	8.6%	9.6%	10.7%
Male	8.7%	9.4%	10.7%	12.7%	14.5%
Other	3.0%	3.8%	4.8%	4.3%	3.3%
Female	2.5%	3.3%	4.1%	3.6%	2.6%
Male	3.7%	4.6%	5.8%	5.3%	4.2%
Unspecified	24.6%	19.0%	15.6%	16.3%	14.0%
Female	24.8%	19.8%	16.7%	18.0%	15.4%
Male	24.4%	17.9%	14.2%	14.0%	11.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

1. A student identifying with two ethnic groups has been counted in each group.
2. Unspecified includes those declaring three or more ethnic groups.
3. Total also includes those students whose ethnic group is unknown.
4. Borrowers may record more than one ethnicity when applying for loans. Ethnicity is not a compulsory field on the loan application form.
5. Tables 47 & 48 present ethnic data in combination form, with those who declare more than one ethnicity identified separately. In the combination method, each person is assigned to a single category. Table 50 presents the same data on a total response basis. The total response method records each ethnicity nominated by each person. This means that a person reporting two ethnicities will have two entries in the table. Thus in Table 50 the sum of the columns will not equal the total of that column.

Source: Ministry of Social Development

Table 49 (Table 8) Student loan borrowers by level of qualification, gender and total amounts borrowed 2004

Qualification level		Number of borrowers	Course fees \$000	Course-related costs \$000	Living costs \$000	Administration fees \$000	Total amount borrowed \$000
Doctorate	Female	430	993	172	1,203	20	2,390
	Male	520	1,239	193	1,545	25	3,004
	Total	950	2,233	365	2,749	46	5,394
Masters, Honours, Postgraduate Cert, Postgraduate Dip	Female	5,824	21,498	2,514	9,634	286	33,934
	Male	4,252	17,903	1,799	8,209	206	28,117
	Total	10,076	39,401	4,313	17,844	493	62,052
Bachelors Degrees, Graduate Cert, and Diplomas	Female	47,834	182,116	27,045	103,044	2,386	314,593
	Male	33,129	135,314	18,226	78,165	1,650	233,358
	Total	80,963	317,431	45,271	181,210	4,037	547,951
Diplomas	Female	13,715	47,867	8,530	21,845	685	78,928
	Male	8,783	42,752	5,320	16,790	430	65,293
	Total	22,498	90,619	13,851	38,635	1,115	144,222
Certificates	Female	32,207	114,841	23,019	43,092	1,594	182,548
	Male	19,988	76,477	13,457	33,646	983	124,566
	Total	52,195	191,318	36,477	76,739	2,578	307,114
Other	Female	498	1,920	235	752	25	2,932
	Male	374	1,773	219	832	19	2,845
	Total	872	3,694	454	1,584	44	5,778

Notes:

1. A borrower is a person who received at least one payment under the Student Loan Scheme from StudyLink in the year specified.
2. Some borrowers were enrolled in qualifications at more than one level.
3. Data is provisional.

Source: Ministry of Social Development (Qualification classification provided by the Ministry of Education)

Table 50 (Table 9) Student loan borrowers by ethnic group, amount and component borrowed for 2004

	Number of borrowers	Course fees	Course-related costs	Living costs	Administration fees	Total amount borrowed
European	78,734	\$308,302,164	\$44,954,554	\$168,538,745	\$3,914,950	\$525,710,414
Māori	22,645	\$85,786,579	\$18,616,459	\$30,691,768	\$1,144,100	\$136,238,906
Pasifika	9,009	\$32,699,311	\$6,806,366	\$18,770,122	\$446,750	\$58,722,549
Asian	19,077	\$80,720,097	\$7,342,026	\$36,180,049	\$947,950	\$125,190,122
Other	3,895	\$15,213,368	\$2,148,395	\$6,577,450	\$191,800	\$24,131,013
European and Māori	6,301	\$23,833,031	\$4,403,738	\$12,090,813	\$314,850	\$40,642,432
European and Pasifika	1,354	\$4,990,278	\$907,804	\$2,799,914	\$66,600	\$8,764,596
Māori and Pasifika	701	\$2,569,400	\$541,394	\$1,300,378	\$34,850	\$4,446,022
European and Asian	705	\$3,006,578	\$341,794	\$1,572,668	\$35,450	\$4,956,490
Māori and Asian	84	\$300,446	\$47,307	\$134,423	\$4,350	\$486,526
Pasifika and Asian	361	\$1,335,622	\$187,026	\$757,897	\$17,350	\$2,297,895
European and Other	759	\$3,236,009	\$485,655	\$1,468,996	\$38,050	\$5,228,710
Māori and Other	137	\$530,193	\$116,340	\$236,169	\$7,000	\$889,702
Pasifika and Other	77	\$305,110	\$61,824	\$136,232	\$3,950	\$507,116
Asian and Other	644	\$2,633,773	\$286,187	\$830,227	\$31,850	\$3,782,038
3 ethnic groups	716	\$2,779,086	\$527,689	\$1,334,799	\$36,050	\$4,677,624
4 or more ethnic groups	76	\$274,989	\$52,989	\$123,393	\$3,800	\$455,171
Unspecified	22,279	\$76,183,521	\$12,906,635	\$35,220,520	\$1,076,000	\$125,386,677
Total	167,554	\$644,699,556	\$100,734,182	\$318,764,565	\$8,315,700	\$1,072,514,002

Source: Ministry of Social Development

Table 51 Student allowances uptake by student loan living costs borrowers 2004

	Number of borrowers	Gross student allowances	Accommodation benefit	Student loan living costs
Single students under 25 without dependants	10,308	\$42,172,322	\$6,753,527	\$20,552,717
Single students 25 and over without dependants	7,395	\$37,629,099	\$5,220,023	\$10,033,283
Couple without dependants	1,556	\$8,168,084	\$868,987	\$3,642,485
Students with dependants	1,296	\$10,514,385	\$899,932	\$2,045,284

Notes: 1. Students who received more than one allowance type have been counted in each type. Consequently, the sum of the students in each allowance type may not add to the total number of students with allowances.

2. Data within this table is provisional.

Source: Ministry of Social Development

Table 52 Fees borrowed by provider type 2000-2004

	2000	2001	2002	2003	2004
Universities	\$240,617,168	\$260,661,858	\$272,565,408	\$282,595,710	\$296,920,043
ITPs	\$117,958,322	\$126,320,400	\$141,474,667	\$156,972,111	\$134,137,626
Colleges of Education	\$13,595,548	\$13,449,224	\$13,932,560	\$14,300,591	\$15,027,548
PTEs	\$88,605,087	\$139,689,948	\$118,756,148	\$127,969,132	\$131,755,672
Wānanga	\$8,094,873	\$11,472,708	\$14,264,375	\$12,640,602	\$11,766,908
Total	\$468,870,998	\$551,594,138	\$560,993,158	\$594,478,147	\$589,607,798

Notes: 1. From 2000, only fees borrowed are recorded by provider type.

2. The figures in this table are different from earlier Student Loan Scheme Annual Reports, due to an error in figures shown in those earlier reports.

Source: Ministry of Social Development

Statistical tables and figures (Chapter Three)

Table 53 (Figure 20) Nominal value of student loans held by Inland Revenue at 30 June 1995-2005

Year	Total loan balances \$million	Change \$million	Change
1995	799.2		
1996	1,223.4	424.2	53.1%
1997	1,679.7	456.3	37.3%
1998	2,255.1	575.4	34.3%
1999	2,890.3	635.2	28.2%
2000	3,414.9	524.6	18.2%
2001	3,931.4	516.5	15.1%
2002	4,573.8	642.4	16.3%
2003	5,270.2	696.4	15.2%
2004	5,965.7	695.5	13.2%
2005	6,674.5	708.9	11.9%

Source: Inland Revenue

Table 54 (Figure 21) Number of borrowers with Inland Revenue at 30 June 1995-2005

Year	Borrowers
1995	118,132
1996	157,940
1997	189,325
1998	220,913
1999	247,368
2000	274,891
2001	314,280
2002	360,612
2003	390,027
2004	418,761
2005	445,074

Source: Inland Revenue

Table 55 (Figure 22) Student loan borrowers with Inland Revenue by age at 30 June 2005

Age	Borrowers
Under 18	1,740
18 - 20	45,329
21 - 23	77,628
24 - 26	73,889
27 - 29	63,336
30 - 32	50,270
33 - 35	33,346
36 - 38	22,978
39 - 41	19,088
42 - 44	16,459
45 - 47	12,060
48 - 50	9,293
51 - 55	9,674
56 - 60	4,330
Over 60	5,654
Total	445,074

Source: Inland Revenue

Table 56 (Figure 23) Average student loan balance with Inland Revenue 1995-2005

Year (as at 30 June)	Loan balance	Increase
1995	\$6,765	
1996	\$7,746	14%
1997	\$8,872	15%
1998	\$10,208	15%
1999	\$11,684	14%
2000	\$12,423	6%
2001	\$12,509	1%
2002	\$12,683	1%
2003	\$13,512	7%
2004	\$14,246	5%
2005	\$14,997	5%

Source: Inland Revenue

Table 57 (Figure 24) Cumulative student loan repayments by Inland Revenue vs aggregate loan balances 1995-2005

Year (as at 30 June)	Total loans \$million	Total repayments \$million
1995	799.2	62.5
1996	1,223.4	134.8
1997	1,679.7	241.6
1998	2,255.1	389.0
1999	2,890.3	602.2
2000	3,414.9	851.7
2001	3,931.4	1,136.4
2002	4,573.8	1,483.3
2003	5,270.2	1,869.6
2004	5,965.7	2,316.8
2005	6,674.6	2,827.1

Source: Inland Revenue

Table 58 (Figure 25) Student loan payments received by Inland Revenue (\$million) borrower/employer split 1995/96 to 2004/05

Income Year	Borrower \$million	Employer (PAYE) \$million	Total \$million
95/96	28.86	43.46	72.32
96/97	41.36	65.41	106.77
97/98	64.18	83.18	147.36
98/99	115.84	97.39	213.23
99/00	115.59	133.91	249.5
00/01	128.13	156.55	284.68
01/02	168.97	177.91	346.88
02/03	184.51	201.88	386.39
03/04	210.05	237.11	447.16
04/05	239.30	271.01	510.31
Total	1,323.64	1,503.47	2,827.11

Notes:

1. Employer repayments are those paid by borrowers' employers to Inland Revenue by way of deduction from borrowers' income.
2. Borrower repayments are those made to Inland Revenue directly by the borrower. A share of the borrower repayments relates to voluntary repayments. Borrowers are able to make voluntary repayments to Inland Revenue of any amount at any time.

Source: Inland Revenue

Table 59 (Figure 26) Loans repaid to Inland Revenue updated at 30 June 1995-2005

Year	Number of loans repaid
1995	2,354
1996	8,561
1997	10,627
1998	14,629
1999	16,755
2000	16,168
2001	17,677
2002	20,723
2003	21,240
2004	23,355
2005	21,079
Total	173,168

Notes:

1. Because a student loan account can be finalised retrospectively, the number of loans repaid for an earlier year may change. Therefore the figures in this table differ from those published in earlier reports.
2. The numbers in this table include both loans where repayment obligations had been settled and loans which had been written off through the small balance write-off provision.

Source: Inland Revenue

Table 60 (Figure 29) Value of interest write-offs at 30 June 1995-2005

Year	Interest write-offs \$million
1995	4.3
1996	5.5
1997	12.6
1998	16.9
1999	20.3
2000	20.3
2001	192.1
2002	141.4
2003	198.3
2004	204.4
2005	213.3

Source: Inland Revenue

Table 61 (Figures 30 & 31) Number and value of interest write-offs by type at 31 March 2002-2005

Interest write-offs by type to 31 March	2002		2003		2004		2005	
	\$million	Number of borrowers	\$million	Number of borrowers	\$million	Number of borrowers	\$million	Number of borrowers
Full interest write-off	70	78,335	74	81,437	107	104,791	127	124,892
Base interest write-off	66	111,985	42	120,159	71	123,508	73	129,751
Base interest reduction	32	52,826	12	39,468	31	58,730	32	61,343

Source: Inland Revenue

Table 62 Number and value of non-resident interest write-offs to 31 March 2003-2005

Write-off type	2003		2004		2005	
	Amount	Number of borrowers	Amount	Number of borrowers	Amount	Number of borrowers
Non-resident base interest write-off	\$297,430	336	\$264,504	312	\$310,643	380
Non-resident base interest reduction	\$10,108	23	\$8,800	11	\$6,511	11

Source: Inland Revenue

Table 63 Value of small balance write-offs at 30 June 1993-2005

Year	Small balance write-offs \$million
1993-1996	9,012
1997	9,355
1998	19,480
1999	24,877
2000	12,796
2001	18,473
2002	21,774
2003	29,190
2004	24,493
2005	25,317
Total	194,767

Source: Inland Revenue

Table 64 Interest write-offs by recipients and number of years received 2000-2004

Number of years benefiting from interest write-offs 2000-2004	Number of borrowers	Amount written off \$million
One year only	123,558	47.0
Two years	97,273	98.8
Three years	79,317	155.8
Four years	94,985	358.8
Five years	39,670	135.9
Total	434,803	796.2

Notes:

1. This table cannot be compared with any other table relating to interest write-offs in this report.
2. The information above shows the number of borrowers who received an interest write-off between 2000 and 2004 and the value of the write-offs they received.

Source: Inland Revenue

Table 65 Income level at which base interest reduction no longer applies 2002-2006

Loan balance	2002	2003	2004	2005	2006
\$10,000	\$21,332	\$25,696	\$24,364	\$27,172	\$24,988
\$20,000	\$27,532	\$35,896	\$32,764	\$38,172	\$33,388
\$30,000	\$33,732	\$46,096	\$41,164	\$49,172	\$41,788
\$40,000	\$39,932	\$56,296	\$49,564	\$60,172	\$50,188
\$50,000	\$46,132	\$66,496	\$57,964	\$71,172	\$58,588
\$60,000	\$52,332	\$76,696	\$66,364	\$82,172	\$66,988
\$70,000	\$58,532	\$86,896	\$74,764	\$93,172	\$75,388

Source: Inland Revenue

Statistical tables and figures (Chapter Four)

Table 66 (Figure 33) Probability of becoming non-resident for the first time by years after last study

	First departure in final year of study	First departure in year after leaving study	First departure in second year after leaving study	First departure in third year after leaving study	First departure in fourth year after leaving study	First departure in fifth year after leaving study
All	1.6%	2.9%	2.7%	2.6%	2.0%	1.3%
Completed	2.1%	3.8%	3.8%	4.2%	3.1%	1.9%
Not completed	1.3%	2.3%	2.0%	1.8%	1.4%	1.0%
Completed university	3.4%	5.8%	5.4%	5.9%	4.3%	2.5%
Completed ITP	1.0%	2.2%	2.4%	2.2%	1.8%	1.3%
Not completed university	1.9%	4.0%	3.3%	3.0%	2.3%	1.3%
Not completed ITP	0.9%	1.4%	1.4%	1.1%	0.9%	0.7%
Females	1.5%	2.9%	2.9%	3.0%	2.1%	1.3%
Males	1.6%	2.9%	2.4%	2.3%	1.9%	1.2%
Completed females	1.9%	3.7%	4.0%	4.6%	3.3%	2.0%
Completed males	2.3%	3.8%	3.4%	3.5%	2.9%	1.7%
Not completed females	1.3%	2.2%	2.1%	2.0%	1.4%	0.9%
Not completed males	1.3%	2.4%	1.9%	1.7%	1.4%	1.0%

Note: The graph has been prepared using data from five cohorts of tertiary leavers (those who last studied in the years between 1997 and 2001) and their tax residency status from 1997/98 to 2002/03.

Source: Statistics New Zealand, Integrated Dataset on Student Loan Scheme Borrowers

Appendix 6 Glossary of terms including definitions clarifying the Financial Statements

Academic year: The academic year is defined in the Education Act 1989 as a calendar year, 1 January to 31 December.

Approved qualification: A formally assessed qualification of study that has been approved by the New Zealand Vice-Chancellors' Committee (NZVCC), or the New Zealand Qualifications Authority (NZQA) or its agents (ITPNZ and NZCTE). Also includes qualifications leading to an award issued by a local tertiary education institution which has the approval of the Council or, where delegated, the academic board of that institution.

Base interest (rate): The interest charge which reflects how much it costs the government to borrow for the Student Loan Scheme. From 1 April 2005 the base interest rate is 4.2 percent. (See also Interest adjustment rate and Interest (rate) setting)

Base interest reduction: The amount by which a borrower's base interest is reduced and capped at 50 percent of their annual minimum repayment obligation. In effect, this means that at least 50 percent of any payments made are credited against the interest adjustment (inflation) component of the loan and the loan principal.

Base interest write-off: All base interest charged is written off in the event that earnings do not exceed the repayment threshold in an income year. The repayment threshold for 2005/06 is \$16,588.

Borrower: (See Student loan borrower)

Borrowers overseas: (See Non-resident borrower)

Cohort: A group of people in a study who share a common statistical factor (eg 2004 as their first year of tertiary education).

College of Education (CoE): A public tertiary education institution that specialises in the provision of teacher education and training.

Compulsory fees: (See Tuition fees)

Compulsory repayments: If a borrower's income is over the repayment threshold, he/she will have to start repaying his/her loan as soon as it is transferred to Inland Revenue, even if the borrower is still studying. The amount of this compulsory repayment is 10 cents in every dollar earned over the repayment threshold.

Course: A component of education. A paper/module/unit standard may all be different names given to courses. A course or collection of courses forms a programme of study which, if completed successfully, results in the award of a qualification.

Course-related costs: These are the additional expenses associated with tertiary study that are not compulsory for all students. These can include such costs as equipment, textbooks, field trips, and transport to and from classes.

Drawdown(s) or Drawings: The amount of money drawn down by a student from their loan account, such as tuition fees, course-related costs or living costs.

Effective interest rate: This figure represents the average interest rate charged per borrower, calculated as the total net interest incurred by all borrowers as a percentage of total loan balance outstanding. The effective interest takes into account that around 50 percent of interest accrued during 2005 is expected to be written off.

EFTS (Equivalent full-time student): The EFTS system is a method of counting tertiary student numbers. The basis of the EFTS system is that a student taking a normal year's full-time study equals 1.0 EFTS unit and the programmes of study taken by part-time or part-year students are fractions of one EFTS unit.

Fee and Course Cost Maxima policy (FCCM): The FCCM policy replaced the fee stabilisation policy from 2004. There are four dimensions to this policy: an increase in subsidy rates; an annual fee movement limit; a set of maximum fee levels; and the triennial setting of subsidy rates. The policy rationale is to provide certainty for students as to future costs, whilst also giving some flexibility to providers in terms of their fee setting.

Fee Stabilisation policy: The fee stabilisation policy was put in place in 2001 as a short-term measure to stabilise tuition fees prior to the development of the Fee Course Cost Maxima policy. The policy involved institutions limiting their fee increases and the government increasing tuition fee subsidies. The rationale of the policy was to help keep tertiary education affordable for students.

Financial statements: The schedule of financial statements is a standardised system of reporting on the finances of an accounting entity. It provides a means whereby stakeholders can observe the current financial condition, problems and opportunities facing an accounting entity. The financial schedule in this report represents extracts from the financial statements of the Crown activities carried out by the Crown entities administering student loans. It provides an overview of the Student Loan Scheme.

Fiscal year: The year starting 1 July and finishing 30 June (government accounting year).

Full interest write-off: All interest charges are written off if a borrower is a full-time, full-year student or a part-year or part-time student and earned before-tax income of less than the interest write-off threshold (\$26,140 for 2004/05 and \$26,799 for 2005/06).

Full-time: Any programme of study of 32 weeks or more and at least 0.8 EFTS is designated full-time, full-year. Any programme of study of at least 12 weeks and at least 0.3 EFTS or the equivalent on a pro rata basis (eg 24 weeks and 0.6 EFTS) is designated full-time, part-year. This is the definition of full-time for the purposes of eligibility for the living costs component of the Student Loan Scheme and for student allowances. It is also the definition used in applying the student loan full interest write-off. A programme of study of 32 weeks that is of less than 0.8 EFTS (or the equivalent on a pro rata basis) is called part-time.

Income-contingent repayment: (See Repayment obligations)

Income year: Tax year as appropriate for taxpayer (usually 1 April to 31 March).

Industry Training Organisations (ITOs): Organisations that develop high-quality, systematic training arrangements (through tertiary institutions, private training establishments, and the workplace) for people employed in the industry they represent.

Institutes of Technology and Polytechnics (ITPs): Public tertiary education institutions that are characterised by a wide diversity of vocational and professional programmes.

Interest adjustment rate: This rate is set based on the Consumer Price Index (or the cost of living increase rate) from the December quarter in the previous income year. From 1 April 2005 the interest adjustment rate is 2.8 percent. (See also Base interest (rate) and Interest (rate) setting)

Interest rate(s): (See Base interest (rate), Interest adjustment rate, Full interest write-off, Base interest write-off and Base interest reduction.) The interest rate for 2004/05 is 7 percent.

Interest (rate) setting: This describes the process by which the Student Loan Scheme interest rate is set annually by Order in Council. There are two components to the total interest rate – the interest adjustment rate and the base interest rate.

Interest reduction: (See Base interest reduction)

Interest write-off(s): (See Base interest write-off, Full interest write-off, and Base interest reduction)

Interest write-off threshold: Part-time or part-year borrowers earning before-tax income of less than this threshold qualify for a full interest write-off (\$26,140 for 2004/05 and \$26,799 for 2005/06).

ITPs: (See Institutes of Technology and Polytechnics)

Loan Accounts Manager: Any person (currently the Operations Manager (Processing Centre) at StudyLink) who is appointed by the Crown as lender from time to time to establish and administer loan balances under the Student Loan Scheme (other than any such loan balances that have been transferred to the Commissioner of Inland Revenue for collection). See section 2 of the Student Loan Scheme Act 1992.

Loan balance: The total amount outstanding under all loans obtained by the borrower under the Student Loan Scheme.

Loan contract: Any loan agreement or contract entered into by the lender and the borrower under the Student Loan Scheme.

Loans transferred: The total loan balance, including interest that is transferred from StudyLink to Inland Revenue for collection.

Median: The value below which 50 percent of all cases fall.

New borrower(s): Those student loan recipients who have not previously taken out a student loan since 2000.

Nominal: The dollar value with no adjustment for the effect of inflation over time.

Non-resident borrower: A borrower who is not resident in New Zealand in terms of section OE 1 of the Income Tax Act 1994.

Notes to the financial schedules: The notes to the financial schedules provide additional explanatory and background information on how the figures shown in the financial schedules have been compiled.

Other Tertiary Education Providers (OTEPs): Providers recognised by the Minister of Education under section 321 of the Education Act 1989 as a body that provides any educational or developmental service or facility.

Outstanding loan balance: The aggregate accumulated loan balance that has currently not been repaid.

Part-time: A qualification studied part-time has the same EFTS value as it would if studied full-time but is studied over a longer period of time than its full-time equivalent. A student may elect to study a full-time qualification on a part-time basis, by enrolling in fewer courses than the normal full-time student workload. Some qualifications may be taken on a part-time basis only. For the purposes of the student loan full interest write-off, part-time means any programme of study that is not full-time (for example, a programme of study of 32 weeks that is less than 0.8 EFTS).

Pasifika: A diverse range of peoples from the South Pacific region or people within this country who have strong family and cultural connections to Pacific Island countries. Pasifika peoples are not homogenous and include those who have been born in New Zealand or overseas. It is a collective term used to refer to men, women and children of Samoan, Cook Islands, Tongan, Niuean, Tokelauan, Fijian and other Pasifika or mixed heritages. It includes a variety of combinations of ethnicities, recent migrants or third, fourth or fifth generation New Zealand-born.

Personal income threshold: The amount of income a student can earn per week without affecting their student allowances entitlement.

Postgraduate: A student studying at a TEO for a qualification at a level higher than a bachelors degree (eg honours degree, masters degree or doctorate)

Private Training Establishments (PTEs): These are private providers of tertiary education registered with the New Zealand Qualifications Authority.

Programme: A programme of study is a collection of courses, classes or work in which a student enrolls and which contributes to meeting the requirements for the award of a qualification.

Qualification: An official award given in recognition of the successful completion of a programme of study, which has been quality assured by a recognised quality assurance agency. All recognised qualifications must be registered on the New Zealand Qualifications Authority's Register of Quality Assured Qualifications.

Repayment deductions: Amounts deducted by employers from a borrower's salary or wages when a borrower's income exceeds the repayment threshold and where the borrower has notified their employer of their student loan repayment obligation, by using the appropriate tax code.

Repayment obligation: The amount a borrower is required to repay toward their loan in any given income year. For resident borrowers, this is calculated as the amount by which the borrower's net income exceeds the repayment threshold, multiplied by 10 percent.

Repayment threshold: The amount a person can earn in a year before they have to start paying back their loan (\$16,588 before-tax for 2005/06). Once a person earns more than the threshold, they will have to pay 10 cents for every dollar earned over this amount.

Resident borrower: A person who is resident in New Zealand in terms of section OE 1 of the Income Tax Act 1994.

Schedule of assets: This statement is a snapshot of the scheme's assets at 30 June 2004. It comprises: current assets (assets expected to be realised in cash or sold within one year of the balance date); and non-current assets (assets which are not easily convertible to cash or not expected to become cash within the next year).

Schedule of cash flows: The objective of this statement is to provide information about the operation and investment activities in cash terms. This schedule shows the sum of capital and interest repayment received and the sum of loans disbursed to borrowers during the fiscal year.

Schedule of revenue and expenditure: This statement represents a summary of activities over the current financial year (1 July 2003 to 30 June 2004). It shows revenue (administration fees and interest earned) less expenses (small balance write-offs and interest write-offs). The result is an operating surplus or deficit.

Small balance write-offs: In the event that a borrower has a loan balance of less than \$10 as at the last day of any income year, the loan balance is reduced to zero.

Strategic policy (student loans): This means the parameters of the Student Loan Scheme within the government's income support framework. The parameters define why student support is provided, who is eligible, and what they are entitled to.

Student allowances: Student allowances are income-tested grants designed to provide assistance to those students who are unable to support themselves or do not have access to alternative sources of support while undertaking full-time study.

Student loan borrower: A borrower means any person who has received a student loan. A person is still referred to as a borrower whilst they have an outstanding loan balance.

Study status: This refers to whether a person is studying full-time or part-time.

StudyLink: StudyLink (a service of the Ministry of Social Development) is responsible for the delivery and administration of the payment of student loans, student allowances and the unemployment benefit (student hardship).

Sub-degree: A qualification below the level of a bachelors degree.

Tax year: Tax year as appropriate for taxpayer (usually 1 April to 31 March).

Tertiary education: Tertiary education comprises all involvement in post-school learning activities, including industry training and community education.

Tertiary education institutions (TEIs): Tertiary education institutions are public providers of tertiary education. TEIs are universities, ITPs, technical institutes, colleges of education and wānanga.

Tertiary education organisations (TEOs): Tertiary education providers are all the institutions and organisations that provide tertiary education. These include public tertiary education institutions (TEIs), private training establishments (PTEs), industry training organisations (ITOs), other tertiary education providers (OTEPs) and government training establishments (GTEs).

Tertiary Education Strategy: The Tertiary Education Strategy is a five-year blueprint for a more collaborative and co-operative tertiary system that contributes to New Zealand's national goals and is closely connected to enterprise and local communities.

TESLA: Tertiary Education Student Loan Analysis model (see Appendix 4 for more detail).

Total interest rate: This means the sum of the base interest rate and the interest adjustment rate. The interest rate for 2004/05 is 7 percent.

Tuition fees: Fees charged for tuition by public and private tertiary education providers.

Tuition subsidies: Money appropriated by the government in Vote Education that is used to provide EFTS-based tuition subsidies for valid student enrolments under the student component.

Undergraduate: A student studying at a TEO for a bachelors degree qualification.

Undischarged bankrupt: A person who has been officially declared bankrupt and who hasn't yet been discharged under the Insolvency Act 1967.

University: A public tertiary education institution that is primarily concerned with advanced learning and knowledge, research and teaching to a postgraduate level.

Voluntary repayments: Any additional student loan repayment that is made over and above the compulsory repayment obligation, or is made prior to the loan being transferred to IRD.

Wānanga: A public tertiary institution that provides programmes with an emphasis on the application of knowledge regarding ahuatanga Māori (Māori traditions) according to tikanga Māori (Māori custom).

Index of figures

Figure 1 (Table 27) Participation by domestic students in tertiary education 1994-2004	9
Figure 2 (Table 31) Age-standardised participation rate by qualification level and by ethnic group 2004	10
Figure 3 (Table 32) Participation rate by qualification level 1999-2004	11
Figure 4 Total government-funded equivalent full-time student (EFTS) places and average funding per EFTS in public TEIs 1998-2004	12
Figure 5 Domestic tuition fees per EFTS in tertiary education institutions (TEIs) by provider type 1998-2004	12
Figure 6 Ratio of average domestic student fees at TEIs to average weekly income 1997-2004	13
Figure 7 (Tables 36 & 38) Student loan borrowers in each academic year 1992-2004	17
Figure 8 (Table 39) New borrowers by gender and total 2002-2004	17
Figure 9 Uptake rates of student loans 1999-2004	18
Figure 10 (Table 41) Borrowers by study status 2000-2004	18
Figure 11 (Table 36) Aggregate loan borrowing 1992-2004	19
Figure 12 (Table 37) Average and median amount borrowed 1992-2004	19
Figure 13 (Table 42) Average amount drawn by loan component 2000-2004	19
Figure 14 (Table 42) Total amount drawn by loan component 2000-2004	19
Figure 15 (Table 43) Percentage of borrowers by gender 1992-2004	20
Figure 16 (Table 44) Average annual amounts borrowed by gender 1992-2004	20
Figure 17 (Table 44) Median annual amounts borrowed by gender 2000-2004	20
Figure 18 (Table 45) Percentage of all borrowers by age 2000-2004	21
Figure 19 (Table 46) Total student loan borrowers by ethnic group 2000-2004	22
Figure 20 (Table 53) Nominal value of student loans held by Inland Revenue at 30 June 1995-2005	28
Figure 21 (Table 54) Borrowers with Inland Revenue at 30 June 1995-2005	28
Figure 22 (Table 55) Student loan borrowers with Inland Revenue by age at 30 June 2005	28
Figure 23 (Table 56) Average student loan balance with Inland Revenue at 30 June 1995-2005	29
Figure 24 (Table 57) Cumulative student loan repayments received by Inland Revenue compared with aggregate loan balances 1995-2005	30
Figure 25 (Table 58) Value of student loan repayments received by Inland Revenue: borrower/employer split 1995-2005	30
Figure 26 (Table 59) Number of loans repaid to Inland Revenue updated at 30 June 1995-2005	30
Figure 27 Proportion of loan repayments made, write-offs and outstanding loan balances 2000, 2005, 2010, 2015 and 2020	31
Figure 28 Proportion of loan repayments made, write-offs and outstanding loan balances 2000-2050	31
Figure 29 (Table 60) Value of interest write-offs at 30 June 1995-2005	32
Figure 30 (Table 61) Student loan interest write-offs by type and value at 31 March 2002-2005	33

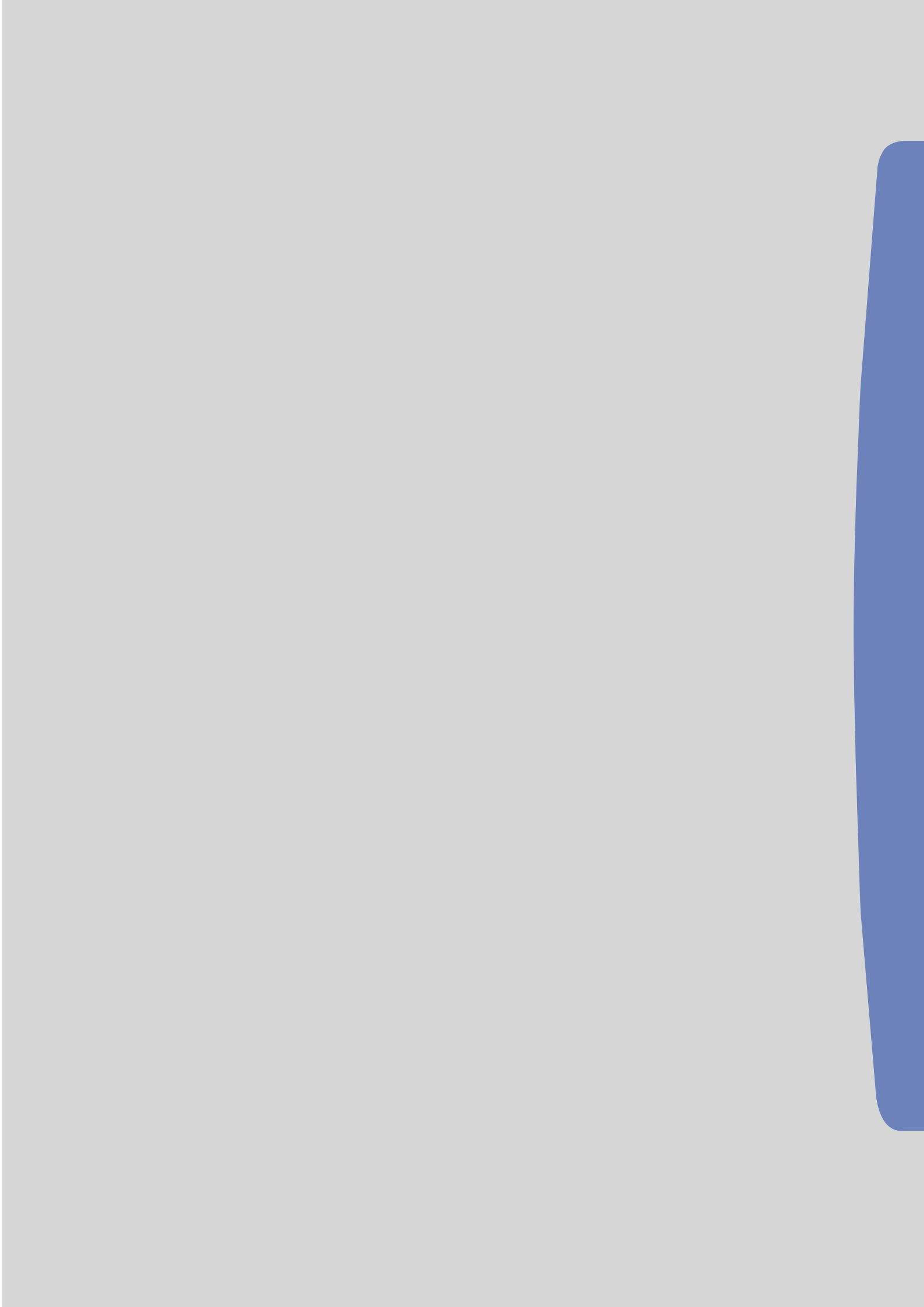
Figure 31 (Table 61) Student loan interest write-offs by type and number of recipients at 31 March 2002-2005	33
Figure 32 Percentage of borrowers who left New Zealand in the years 1 July 1995-2003 to 30 June 1996-2004 and who have returned to New Zealand	34
Figure 33 (Table 66) Probability of becoming non-resident for the first time by years after last study by gender and completion status	35
Figure 34 Loan balance on leaving study and 2002/03 taxable income for selected cohorts of borrowers – those who last studied in 1994, 1997 and 2000	38
Figure 35 Percentage of borrowers who have fully repaid their student loans for the 1992, 1994 and 1997 leaving cohorts by gender	39
Figure 36 Percentage of the 1997 leaving cohort who have fully repaid their student loans in each year post-study by gender and completion status	40
Figure 37 Percentage of the 1997 leaving cohort who have fully repaid their student loan in each year post-study – selected qualification levels	40
Figure 38 Percentage of aggregate student loan balance repaid by the 1997 leaving cohort in each year post-study – selected qualification levels	40
Figure 39 Proportion of borrowers who last studied in 1997 who had made no progress to repayment by the end of 2002 by the level of their leaving loan balance	41
Figure 40 (Table 41) Student loan borrowers by study status 2000-2004	47
Figure 41 Forecast average repayment times (in years) 2001-2005	48
Figure 42 Percentage of those who last studied in 1992 who have completely repaid their student loans – observations from the integrated dataset vs predictions from TESLA	49
Figure 43 Percentage of those who last studied in 1994 who have completely repaid their student loans – observations from the integrated dataset vs predictions from TESLA	49

Index of tables

Table 1 Government financial support for tertiary study 1997/98-2004/05	12
Table 2 (Table 38) Age of new borrowers 2002-2004	17
Table 3 (Table 40) Ethnicity of new borrowers 2002-2004	17
Table 4 Student loan balances when students leave their studies 1992-2001	21
Table 5 Average amount borrowed each year by ethnic group 1992-2004	22
Table 6 Students who borrowed fees by provider type 2000-2004	23
Table 7 Student loan borrowers by type of borrowing 2000-2004	23
Table 8 (Table 49) Student loan borrowers by level of qualification, gender, proportion of borrowers and borrowings, average and total amounts borrowed 2004	24
Table 9 Student loan borrowers by ethnic group, amount and component borrowed 2004	24
Table 10 Student allowances compared with student loan living costs (LC) borrowings 2004	25
Table 11 Range of loan balances held by Inland Revenue at 30 June 2005	29

Table 12 Overdue loan repayments at 30 June 2002-2005	31
Table 13 Value of deceased and bankruptcy write-offs at 30 June 1998-2005	33
Table 14 Number of deceased and bankruptcy write-offs at 30 June 1998-2005	34
Table 15 Proportion of borrowers who last studied in 1997 who had made no progress to repayment by the end of 2002 by completion status and gender	41
Table 16 Proportion of borrowers who last studied in 1997 who had made no progress to repayment by the end of 2002 by completion status and ethnic group	41
Table 17 Proportion of borrowers who last studied in 1997 who had made no progress to repayment by the end of 2002 by gender and completion status for selected levels of study	42
Table 18 Proportion of borrowers who last studied in 1997 who had made no progress to repayment by the end of 2002 by completion status, for selected ethnic groups and for selected levels of study	42
Table 19 Forecast aggregate loan balances (gross)	47
Table 20 Predicted average and median repayment times	48
Table 21 Percentage of borrowers who last studied in 1997 who have completely repaid in each year 1997-2002	49
Table 22 Non-resident borrowers' repayment obligation	63
Table 23 Student loan interest rates and thresholds	64
Table 24 Administration costs 1997/98-2004/05	65
Table 25 Student loans – historical and forecast income and expenditure 1991/92-2008/09	66
Table 26 Assumptions used to forecast student loan balances and repayments	67
Table 27 (Figure 1) Participation in tertiary education 1994-2004	68
Table 28 Participation in tertiary education by gender 1994-2004	68
Table 29 Participation in tertiary education by age 1994-2004	69
Table 30 Participation in tertiary education by ethnic group 1994-2004	70
Table 31 (Figure 2) Participation in tertiary education by ethnic group and level 2004	71
Table 32 (Figure 3) Participation in tertiary education by qualification level 1999-2004	72
Table 33 Participation in tertiary education by provider type 1999-2004	73
Table 34 Participation in tertiary education by field of study 2004	74
Table 35 Participation in tertiary education by domestic and international students 1994-2004	74
Table 36 (Figures 7, 9 & 11) Student loan borrowers and amounts borrowed in each academic year 1992-2004	75
Table 37 (Figure 12) Average and median amount borrowed 1992-2004	75
Table 38 (Figure 7) Age of new borrowers 2002-2004	75
Table 39 (Figure 8) Gender of new borrowers 2002-2004	76
Table 40 (Table 3) Ethnic group of new borrowers 2002-2004	76

Table 41 (Figures 10 & 41) Student loan borrowers by study status and percentage increase in borrowers 2000-2004	76
Table 42 (Figures 13 & 14) Loans by component 2000-2004	77
Table 43 (Figure 15) Percentage of borrowers by gender 1992-2004	77
Table 44 (Figures 16 and 17) Average and median annual amount borrowed by gender 2000-2004	77
Table 45 (Figure 18) Borrowers and amount borrowed by age and gender 2000-2004	78
Table 46 (Figure 19) Borrowers and amount borrowed by ethnic group and gender 2000-2004	80
Table 47 Borrowers by ethnic group and gender 2000-2004	82
Table 48 Percentage of borrowers by ethnic group and gender 2000-2004	82
Table 49 (Table 8) Student loan borrowers by level of qualification, gender and total amounts borrowed 2004	83
Table 50 (Table 9) Student loan borrowers by ethnic group, amount and component borrowed for 2004	84
Table 51 Student allowances uptake by student loan living costs borrowers 2004	84
Table 52 Fees borrowed by provider type 2000-2004	84
Table 53 (Figure 20) Nominal value of student loans held by Inland Revenue at 30 June 1995-2005	85
Table 54 (Figure 21) Number of borrowers with Inland Revenue at 30 June 1995-2005	85
Table 55 (Figure 22) Student loan borrowers with Inland Revenue by age at 30 June 2005	85
Table 56 (Figure 23) Average student loan balance with Inland Revenue 1995-2005	85
Table 57 (Figure 24) Cumulative student loan repayments by Inland Revenue vs aggregate loan balances 1995-2005	86
Table 58 (Figure 25) Student loan payments received by Inland Revenue (\$million) borrower/employer split 1995/96 to 2004/05	86
Table 59 (Figure 26) Loans repaid to Inland Revenue updated at 30 June 1995-2005	86
Table 60 (Figure 29) Value of interest write-offs at 30 June 1995-2005	86
Table 61 (Figures 30 & 31) Number and value of interest write-offs by type at 31 March 2002-2005	87
Table 62 Number and value of non-resident interest write-offs to 31 March 2003-2005	87
Table 63 Value of small balance write-offs at 30 June 1993-2005	87
Table 64 Interest write-offs by recipients and number of years received 2000-2004	87
Table 65 Income level at which base interest reduction no longer applies 2002-2006	87
Table 66 (Figure 33) Probability of becoming non-resident for the first time by years after last study	88





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