

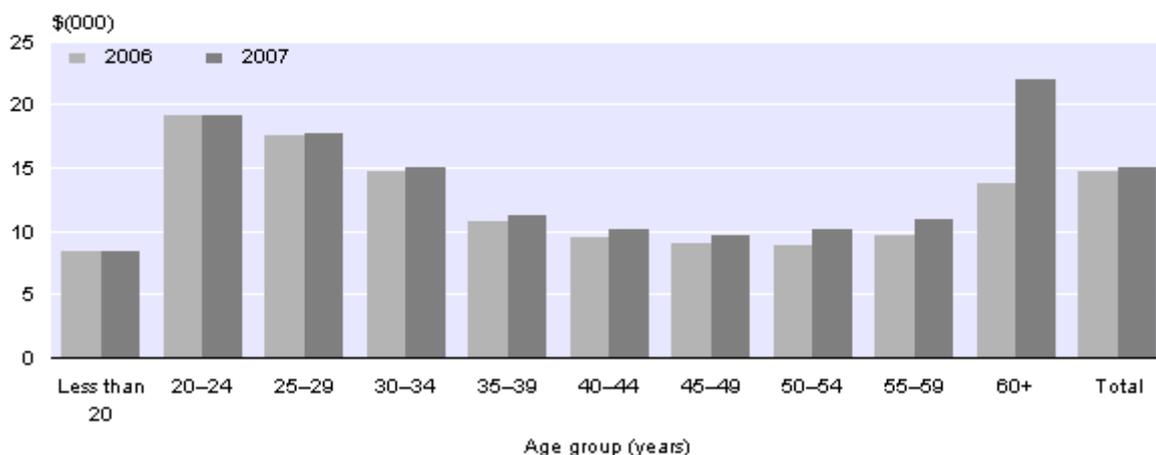
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## Student Loans and Allowances: 2008

### Highlights

- Of students enrolled in 2008, 37.5 percent borrowed, an increase from 34.7 percent in 2007.
- The average student loan leaving debt reached a high of \$14,980 in 2007, up from \$14,620 in 2006.
- The number of students aged 60+ who left study with debt more than doubled from 960 students in 2006 to 2,136 in 2007. Their leaving debt also increased 60.3 percent, from \$13,720 in 2006 to \$22,000 in 2007.
- The average income one year after leaving study was \$30,200 for 2007 leavers, the same as the average income in 2007 for 2006 leavers. This is the first time since 1998 that average income has not increased from one leaving cohort to another.
- The average income one year after leaving study for leavers aged less than 20 decreased from \$19,870 (2006 leavers) to \$19,550 (2007 leavers). For leavers aged 20–24, their average income one year after leaving study decreased from \$30,140 (2006 leavers) to \$29,870 (2007 leavers).

**Average Student Loan Leaving Debt**  
For students who left study in 2006 and 2007  
By age group



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# Commentary

## Borrowing and leaving debt

### Borrowing and leaving debt increases

The number of students borrowing in a year under the student loan scheme reached a high of 178,506 in 2008, up 2.7 percent from 173,763 in 2007. This increase occurred despite a 4.8 percent drop in the total number of students enrolled, from 500,214 in 2007 to 476,376 in 2008. The number of tertiary students leaving study with debt increased 30.2 percent to reach 86,445 in 2007, from 66,405 students in 2006 (although some of these students may return to study in subsequent years). While the majority of data is for 2008, for students leaving study the latest year available is 2007. See 'Technical notes' in this release for more details.

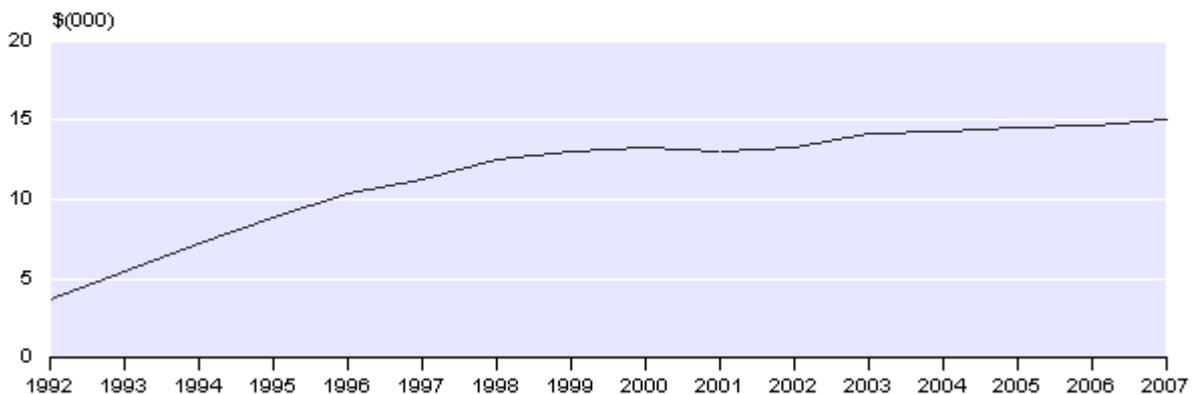
Of students enrolled in 2008, 37.5 percent received financial assistance through the student loan scheme, compared with 34.7 percent in 2007. This rise is a continuation of the upward trend from 2005 when 30.2 percent received financial assistance through the student loan scheme. Not all students are eligible to borrow. The Ministry of Education calculates that 69 percent of those eligible to borrow in 2008 did so, up from 66 percent in 2007.

Students aged 24 years and under made up 63.1 percent (112,623) of students who borrowed in 2008 and had the largest increase in the number of borrowers, up 5,187 from 2007. Over 50 percent of students aged 24 years and under received financial assistance through the student loan scheme – 57.4 percent of students aged less than 20, and 53.2 percent of students aged 20–24. The proportion of students who borrow under the scheme has been increasing since 2005 across all age groups, except for those aged 60 years and over (60+) which decreased from 18.4 percent in 2006, to 17.0 percent in 2007, and to 14.6 percent in 2008. Students aged 60+ had the largest decrease in the number of students who borrowed in a year, from 3,345 in 2007 to 2,640 in 2008 (down 705).

In 2008 the average amount borrowed in a year was \$6,950, up 2.4 percent from \$6,790 in 2007. The average leaving debt also increased 2.5 percent, from \$14,620 in 2006 to \$14,980 in 2007. This continues the general upward trend in average borrowing in a year and leaving debt recorded since 1992 when the student loan scheme began, as shown in the graph below. The fee stabilisation policies from 2001 to 2003, and the fee and course costs maxima policy from 2004, have restricted fee increases by providers.

### Average Student Loan Leaving Debt

*For all borrowers*  
By year of leaving study



## New borrowers

There were 54,321 new borrowers (students using the student loan scheme for the first time) in 2008, similar to the number in 2007 (54,315). Notable increases in the number of new borrowers occurred in 2000 and 2006, shown in the graph below. These increases coincided with the introduction of the interest-free loans while studying policy of 2000, and the 2006 interest-free policy for borrowers living in New Zealand.



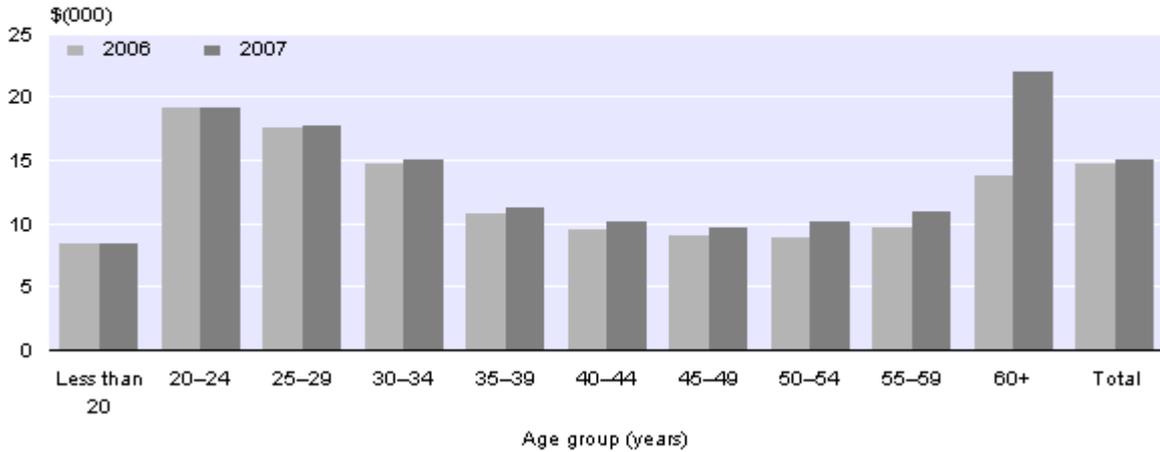
(1) Count of new borrowers are based on the first year of borrowing recorded on the Student Loans Manager, Ministry of Social Development or Inland Revenue system.

## Average leaving debt by age

In general, students who study at a higher level leave study with greater debt. Students aged 20–24 had the second highest leaving debt in 2007 (\$19,110) and had the largest proportion who left study at bachelors level or above (52.7 percent) in 2007. This age group had the largest proportion of leavers with student loan debt, at 31.5 percent (27,252 students) of all leavers. Students aged less than 20 had the lowest average leaving debt (\$8,440) but also had the largest proportion of students with leaving debt studying below bachelors level (86.1 percent of students aged less than 20 who left study in 2007).

Students aged 60+ had the highest leaving debt in 2007, with an average leaving debt of \$22,000, a 60.3 percent increase from \$13,720 in 2006. A large proportion of students aged 60+ (72.2 percent) attended a private training establishment, and data is not available on their level of study. The number of students aged 60+ who left with debt in 2007 more than doubled compared with those who left in 2006, increasing from 960 students in 2006 to 2,136 in 2007. However, students aged 60+ made up only 2.5 percent of all leavers with debt in 2007 (2,136 out of 86,445).

**Average Student Loan Leaving Debt**  
*For students who left study in 2006 and 2007*  
 By age group



## Repayments

### Proportion of debt repaid within five years decreases

Borrowers who left study in 2003 had repaid an average of 23.3 percent of their leaving debt in five years, from \$14,110 on leaving in 2003 down to \$10,820 in 2008. This proportion is lower than those who left study in 2002, who had repaid 24.4 percent.

By 2008, students aged 40–44 when they left study in 2003 had repaid an average of 27.7 percent of their leaving debt, the highest proportion of any age group. In contrast, students who were aged 60+ on leaving owed 14.2 percent more in 2008 than when they left study in 2003.

<b>Average Student Loan Debt by Age Group</b> <i>For students who left study in 2003</i>				
Age on leaving study (years)	Number of students who left with debt in 2003	Average debt (\$)		Proportion repaid five years post-study
		Leaving debt in 2003	Five years post-study	
Less than 20	5,907	8,390	6,380	24.0
20–24	15,528	17,820	13,120	26.4
25–29	7,569	17,850	14,860	16.8
30–34	4,689	11,970	9,120	23.8
35–39	3,225	9,450	6,960	26.3
40–44	2,421	8,810	6,370	27.7
45–49	1,590	8,840	6,460	26.9
50–54	894	8,610	6,580	23.6
55–59	408	10,370	8,710	16.0
60+	423	15,330	17,510	-14.2
Total	42,654	14,110	10,820	23.3

### Debt repayment by ethnic group

While students who identified as either Pacific peoples or European had similar leaving debt in 2003, by 2008 a large difference in repayment progress appeared, as shown in the table below. Leavers who identified as European had repaid the highest proportion of their loan, with 27.6 percent paid off five years after leaving study in 2003, while leavers who identified as Pacific peoples had repaid the smallest proportion of their leaving debt after five years, with 9.4 percent of their leaving debt repaid by 2008.

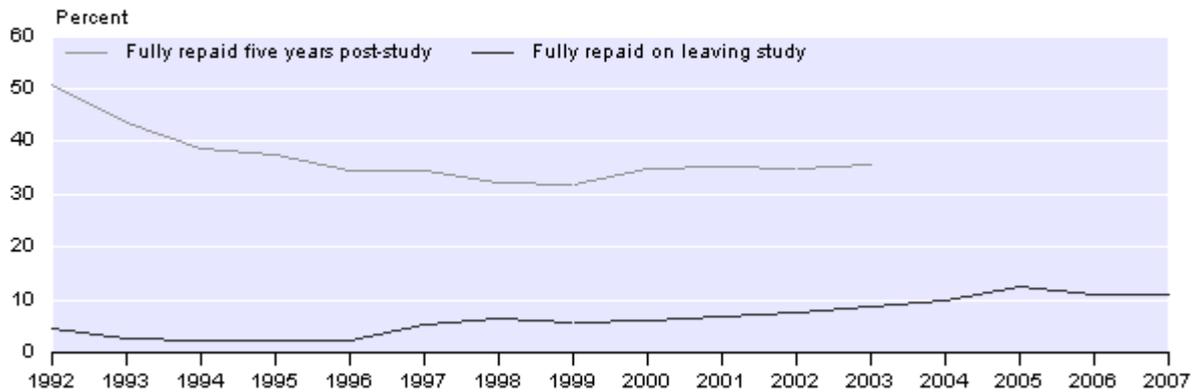
<b>Average Student Loan Debt by Ethnic Group</b> <i>For students who left study in 2003</i>				
Ethnic group	Number of students who left with debt in 2003	Average debt (\$)		Proportion repaid five years post-study
		Leaving debt in 2003	Five years post-study	
European	28,935	14,680	10,630	27.6
Māori	8,763	12,640	10,850	14.2
Pacific peoples	3,804	14,870	13,470	9.4
Asian	4,605	14,810	12,150	18.0
Other ethnic groups	4,257	16,440	13,170	19.9
Total	42,654	14,110	10,820	23.3

## Full repayment of loan

The proportion of students who had fully repaid their loan on leaving study remained steady at 10.9 percent in 2007 compared with 2006. The proportion of students who had fully repaid their loan on leaving study increased from a low of 2.2 percent in 1996 to 12.4 percent in 2005. A slight decrease in students who had fully repaid their loan on leaving study occurred when the interest-free policy for borrowers living in New Zealand began in 2006, although there was no noticeable change in behaviour in 2001 when the zero interest while studying policy was introduced.

Just over one-third of borrowers (35.5 percent or 15,150 of 42,654 borrowers) who left study in 2003 had fully repaid their leaving debt five years later in 2008. This proportion is consistent with borrowers who left study each year between 1996 and 2002. Between 1992 and 1995 the higher percentage of borrowers who had fully repaid their student loan within five years of leaving study was partly due to the number of years available in which people could borrow, as well as the lower course fees in these years. The student loan scheme began in 1992; therefore, those leaving study in the earlier years had fewer years of borrowing to repay than those leaving in later years.

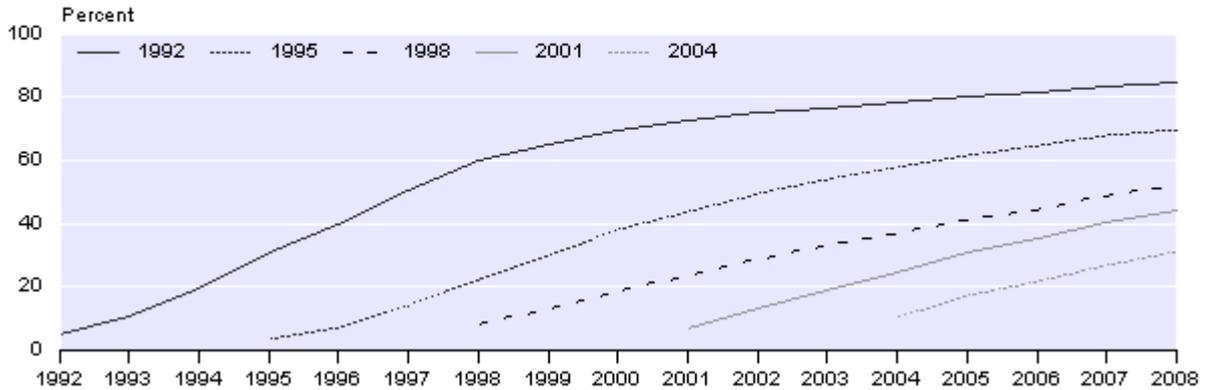
**Full Repayment of Student Loan Debt**  
*On leaving study and five years post-study*  
 By year of leaving study



**Note:** For this release, the latest year in which five-year post-study full repayment data is for students who left study in 2003.

Of the 11,376 students who left study in 1992 with student loan debt, 84.3 percent had fully repaid their student loan by 2008. The proportion of this cohort that had fully repaid their loan increased by between 5 and 10 percent each year until 1998, as seen in the graph below. The proportion that fully repay their student loan debt increases more slowly for the later cohorts shown.

**Percentage of Borrowers Fully Repaid**  
*For students who left study in 1992, 1995, 1998, 2001, and 2004*  
 1992–2008



**Income**

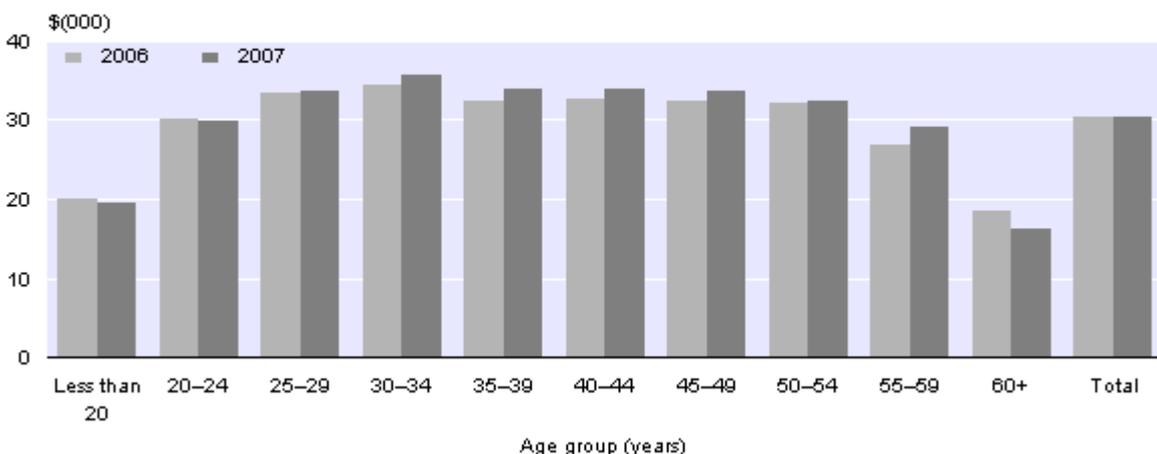
**No increase in average income**

In 2008, the average income one year post-study did not increase compared with the previous leaving cohort for the first time since 1998, although the average income five years post-study rose 3.8 percent for 2003 leavers compared with 2002 leavers. The average income one year post-study was \$30,200 in 2008 for 2007 leavers, the same as the average income in 2007 for 2006 leavers. Average income one year post-study decreased compared with the previous leaving cohort for leavers aged less than 20, 20–24, and 60+, while it increased for all other age groups, as shown in the following graph.

Average income one year post-study for students aged less than 20 decreased from \$19,870 for 2006 leavers down to \$19,550 for 2007 leavers, while for those aged 20–24 this decreased from \$30,140 for 2006 leavers to \$29,870 for 2007 leavers. The average income one year after leaving study decreased 12.5 percent for those aged 60+, from \$18,470 for 2006 leavers to \$16,170 for 2007 leavers.

Note that income information does not distinguish between those who did or did not complete their qualification, nor hours worked.

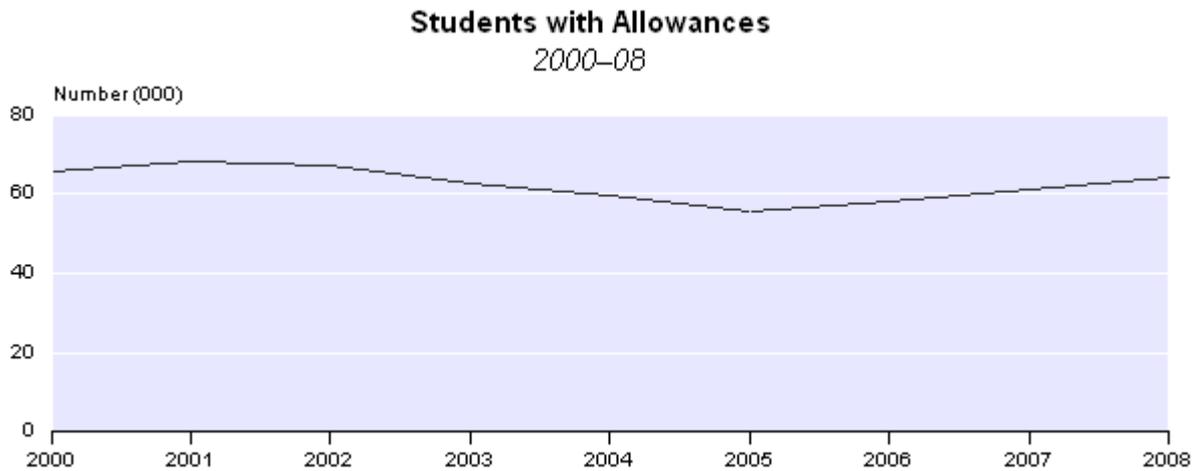
**Average Income One-year Post-study**  
*For students who left study in 2006 and 2007*  
 By age group



## Allowances

### Number of allowance students increases while average amount decreases

The total number of tertiary students receiving an allowance increased 5.1 percent from 61,236 in 2007 to 64,329 in 2008. This is the third consecutive year an increase has occurred since the decreases observed between 2002 and 2005, and likely reflects the adjustments made to the parental income threshold in 2005, 2006, 2007, and 2008. However, the average amount of allowance received decreased slightly for the second year, from \$6,580 in 2006 and \$6,550 in 2007 to \$6,450 in 2008. This decrease occurred due to the increase in the parental income threshold. As more students with parents in the upper portion of the parental income range became eligible, the number of students eligible for small allowance payments increases.



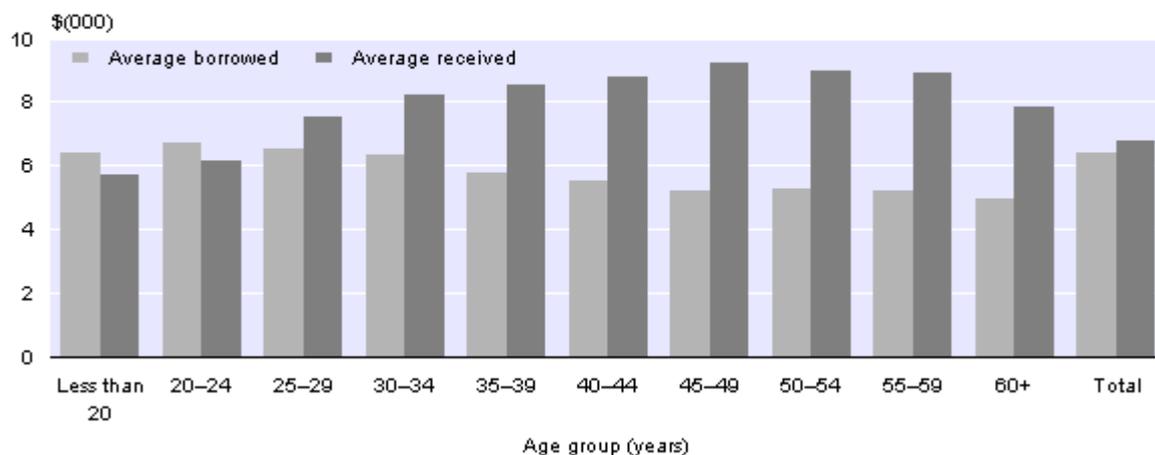
The largest increase in the number of students receiving an allowance was for students aged less than 20 and those aged 20–24, at 1,464 students (9.5 percent) and 1,932 students (9.4 percent) respectively. However, students from these age groups received the lowest amount of allowance (\$5,580 and \$5,800, respectively) of all age groups. The parental income of students aged 24 years and under determines their eligibility for an allowance.

For students who received both an allowance and a loan, those who received more allowance generally borrowed less; this relationship can be seen in the following graph. In 2008, students who borrowed and received an allowance borrowed an average of \$6,390. This amount is 12.5 percent less than the average of \$7,190 borrowed by students who had a loan but did not receive an allowance.

### Average Amount Borrowed and Received

*For students who borrowed a student loan and received an allowance*

By age group, 2008



For definitions see the glossary in 'Technical notes' of this release.

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### Next release ...

*Student Loans and Allowances: 2009* will be released in December 2010.

## Technical notes

### Key official statistics

This release includes official statistics on:

- borrowing in a year
- leaving debt
- allowance received in a year
- repayments
- income after leaving study
- borrowers who have repaid their loan in full
- new borrowers.

### New this year

Statistics on the number of new borrowers in a year is available for the first time in this release.

### Student loans and allowances: background

Statistics New Zealand's integrated data on student loans and allowances links educational information from the Ministry of Education (MoE) with borrowing and allowance information from the Ministry of Social Development (StudyLink), and income and repayments information from Inland Revenue. It allows the educational characteristics of student loan borrowers and student allowance recipients to be linked with the details of their loans, allowances, and income.

This release supplements information in the [Student Loan Scheme Annual Report: October 2009](#), published by the MoE in November 2009.

Statistics NZ links new data that is supplied annually from the MoE, StudyLink and Inland Revenue to take advantage of improvements in data quality. It has also improved linking methodology with the availability of the national student number information. This means that all the data in previous releases has been revised.

### Time periods covered by this release

This release provides statistics from the earliest point at which information is available. Due to the nature and sources of data, statistics start from different years:

1992 – Leaving debt, debt five years post-study, and full repayment information is available for those who left study from 1992 onwards.

1995 – Income information is only available from 1995 onwards.

1997 – Information on ethnic group, field of study, level of study, and provider type is only available from 1997 onwards.

2000 – The amount borrowed in loans or received in allowances in a particular calendar year is only available from 2000 onwards.

The most recent data available for this release is for 2008. This reflects the time required to include income data for salary and wage earners and for those who are self-employed.

Average debt refers to the average student loan debt, and results from borrowing under the student loan scheme. It does not include bank overdrafts, personal bank loans, loans from parents and family, credit card debt, or hire purchases.

## Glossary

### Economic variables

#### **Amount borrowed / Amount received:**

The amount borrowed or received by a student in a particular calendar year (not the total amount borrowed by the student over all years of study).

#### **Leaving debt:**

The total debt still owing in March following the last year of study, including any repayment the student may have made during study. This includes those who had \$0 debt on leaving. For example, if a student last studied in 2001, their leaving debt is their debt in March of 2002. This data will always be a year behind the release date. For example, in the 2008 dataset on student loans and allowances, leaving debt data is only available for those who left study up to 2007 and did not return the following year.

#### **Debt five years post-study:**

The total debt still owing in March five years after the last year of study, including any repayment made up to this time. This includes those who had \$0 debt five years post-study. For example, for those who last studied in 2002, their debt five years post-study is their debt remaining in March 2008.

#### **Income one year post-study:**

The taxable income earned in the tax year after leaving study. This excludes those with \$0 income. For example, for those students who left study in 2002, their one year post-study income is that in the 2003/04 tax year.

#### **Income five years post-study:**

The taxable income earned in the tax year five years after leaving study. This excludes those with \$0 income. For example, for those students who left study in 2002, their five-year post study income is in the 2007/08 tax year.

#### **New borrower:**

The number of students using the student loan scheme for the first time. Counts of new borrowers are based on the first year of borrowing recorded on the Student Loan Accounts Manager, Ministry of Social Development or Inland Revenue system.

### Demographic characteristics

**Age group:** the person's age at 1 July in the reference year in the table.

**Ethnic group:** data for the years before 2000 are sourced from the MoE, and assign each individual to one ethnic group only. For those who identified with more than one ethnic group this allocation was based on the following order of priority: Māori, Pacific peoples, Asian, Other, European. For example, if a student loan borrower identified as both Samoan and European, then they were assigned to the Pacific peoples ethnic group. Subsequently, unprioritised ethnicity data began to become available, from StudyLink (from 2000 onwards) and the MoE (from 2001 onwards), and where available this unprioritised ethnicity data has been used. The data from both sources may include up to three ethnicities for each individual, meaning that

figures relating to 2000 may reflect identification with as many as three different ethnic groups per student, and those from 2001 as many as six different ethnic groups per student.

From 2001 onwards, unprioritised ethnicity data are available for nearly all borrowers. In a small number of cases, where unprioritised ethnicity data are not available, the older prioritised MoE ethnicity data have been used. The change from prioritised to unprioritised ethnicity data will affect ethnic group comparisons relating to borrowers in 1997 and 2008. Tables spanning the 1997 to 2008 period will reflect a combination of prioritised and unprioritised ethnicity data.

**Leaving cohort:** The year of leaving is determined by the last year an enrolment record is available. Given that some students may return after taking a break from study, leaving cohorts for more recent years may overstate the number of leavers.

## Study-related variables

**Leaving year:** the last year of study for a student, which does not distinguish those who completed their qualification from those who did not. For example, if a student last studies in 2001, then the student is considered to have left study in 2001 and their leaving year is 2001.

Field of study, level, and provider type during the student's last year of study were assigned to their debt, income and repayment.

**Level of study:** the qualification(s) for which the student was enrolled. This does not distinguish those who completed their qualification from those who did not. A student can be enrolled in more than one level of study; therefore they can be counted in more than one level in the table.

**Field of study:** The New Zealand Standard Classification of Education of the field(s) of study, or subject of a programme of study, in which the student was enrolled. A student can be enrolled in more than one field of study, therefore they can be counted in more than one field in the table. Field of study includes all levels of study, and does not distinguish those who completed their qualification from those who did not.

**Provider type:** the type of education provider at which the student was enrolled. A student can be enrolled in more than one provider type, therefore they can be counted in more than one provider type in the table. This does not distinguish those who completed their qualification from those who did not.

Definitions of individual provider types are outlined below.

- **University** – a public tertiary education institution that is primarily concerned with advanced learning and knowledge, research, and teaching to a postgraduate level.
- **Institute of technology** – a synonym for polytechnic.
- **Polytechnic** – a public tertiary institution that is characterised by a wide diversity of vocational and professional programmes. Polytechnics are now referred to as institutes of technology and polytechnics (ITPs).
- **College of education** – a tertiary education institution that provides training and research, mostly related to early childhood, compulsory and post-compulsory education. From January 2007, the last two remaining colleges of education merged with local universities.
- **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).

- **Other tertiary education providers (OTEPs)** – organisations that deliver programmes of tertiary education or in support of tertiary education of some national significance, and are recognised by the Minister of Education under section 321 of the Education Act 1989. In this release, OTEPS have been included with private training establishments.
- **Private training establishments (PTEs)** – defined in the Education Act 1989 as 'an establishment, other than a public tertiary education institution, that provides post-school education or vocational training'. PTEs include not only privately owned providers, but also those operated by iwi, trusts and other organisations.

## Loan and allowance categories of students

The diagram above (not to scale) shows the financial support options available to students. The dataset used in this release only includes students with a loan and/or an allowance.

## Integrated dataset

The statistics in this release were produced using a database of student loans and allowances, and tertiary education data held by Statistics NZ. An important component of the database is an integrated dataset on student loan borrowers and allowance recipients, which was created by linking administrative records from a number of government agencies:

- individual students' tertiary enrolment data from the MoE
- individual students' borrowing data from the now-defunct student loan account manager (SLAM) provided by Inland Revenue and the MoE
- individual students' borrowing and allowance data (from 1999 onwards for allowances, and 2000 onwards for loans) from StudyLink, a service of the Ministry of Social Development (MSD)
- individuals' repayment and income data from Inland Revenue.

The integrated dataset contains data on the loans of students who borrowed under the student loan scheme. It has recently been updated to include data for 2008.

The integrated dataset is the only data source that links information on borrowers and allowance recipients' income, debt, and repayment with their enrolment details and other characteristics. It includes information on borrowing and allowances, and links records over time, making it a single integrated data source from which to provide statistics for strategic policy and financial analysis.

## Differences between all student loan borrowers and those in this release

Users should be aware that official statistics on student loans are also published in the annual report of the student loan scheme, published each year by the MoE, and in other MoE reports. The official statistics on student loan borrowers included in this Hot Off The Press may differ from statistics published in the annual report. This is because the source administrative data was provided to Statistics NZ at a specified cut-off date, which differs from the one used for the annual report. In addition, the tables in this release use different populations from those in the annual report, and different concepts for those populations.

For example, the data on leaving debt produced by Statistics NZ includes those who leave study with \$0 leaving debt (having repaid their loan while studying), whereas MoE may exclude those who leave with \$0 debt.

The use of probabilistic matching significantly increased the percentage of student loan borrowers whose information was included in the integrated dataset. However, some types of student loan borrowers were still under represented, even after both stages of matching were completed. Due to the absence of data from the MoE's dataset on students attending PTEs before 2000, the link rate of PTE students prior to 2000 was around 30 percent. From 2000 onwards, the link rate rose to 91 percent.

## **More information**

For further information regarding the history of the dataset, matching methodology and student loans policy list, please see [Student Loans and Allowances: 2005](#), available on the Statistics NZ website.

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## **Timing**

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## Tables

The following tables are printed with this Hot Off The Press and can also be downloaded from the Statistics New Zealand website in Excel format. If you do not have access to Excel, you may use the Excel file viewer to view, print and export the contents of the file.

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