

Embargoed until 10:45am – 3 April 2007

## Student financial support

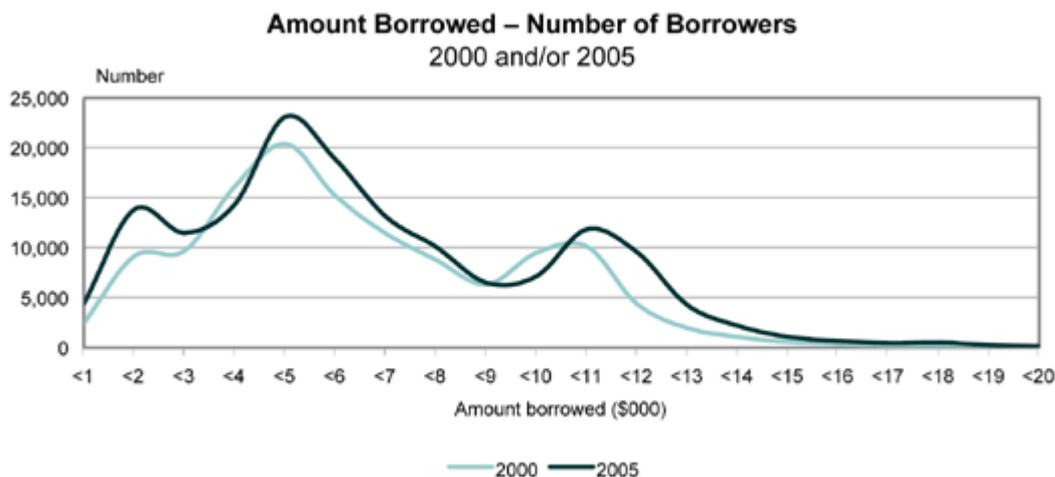
### 2000–2005

#### Introduction

This is one of four background web pages supporting the *Student Loans and Allowances: 2005* Hot Off The Press. The other three pages are:

- [Full repayments](#)
- [Borrowers overseas](#)

This page looks at the average amount of loan borrowed and allowance received for students in a particular calendar year, from 2000 to 2005. Distributions for borrowing in a year compare data for 2000 and 2005. A time series of loan and allowance components, and the interactions of loans and allowances is available from 2000 to 2005. Distributions for leaving debt are also presented here comparing data for those who left in 1997 and 2004.



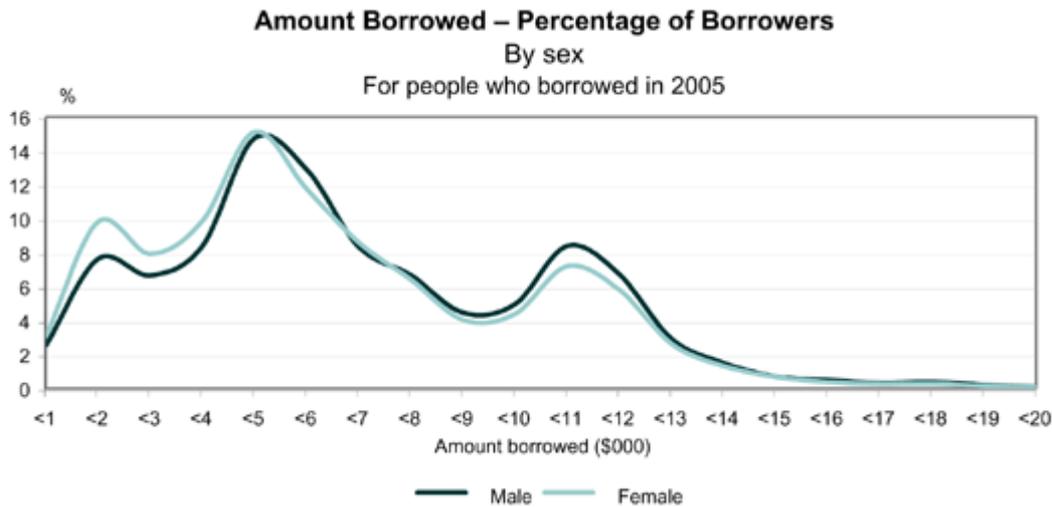
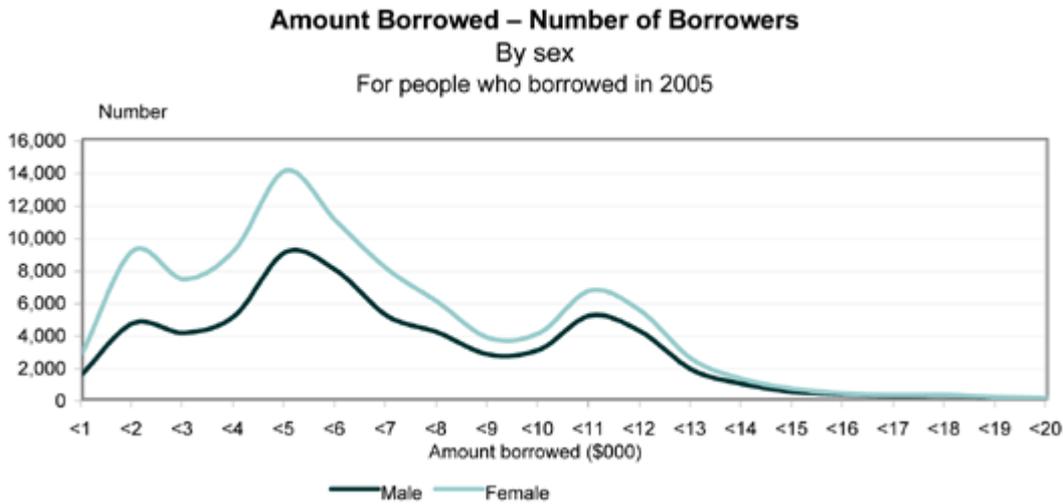
#### Overall trend of borrowing

Borrowing in 2000 followed a broadly similar pattern to borrowing in 2005. In 2000, 33 percent of students borrowed between \$2,500 and \$4,999.99. In 2005, 28 percent of students borrowed between these amounts. The largest numerical increases in borrowers between 2000 and 2005 were those who borrowed between \$0 and \$2,499.99, and those who borrowed between \$10,000 and \$12,499.99.



There were 21 percent more borrowers in 2005 (154,374 borrowers) compared with 2000 (128,085 borrowers).

The average amount borrowed in a year increased by \$300 (5 percent) from \$6,110 in 2000 to \$6,410 in 2005.



**Note:** Due to the small number of students who borrow more than \$20,000 in a particular year, this graph has been truncated.

**More female borrowers**

There were more female borrowers than male borrowers in 2000 and in 2005, with females outnumbering males in all levels of borrowing under \$15,000 (56 percent of borrowers at this level were female in 2000 and 61 percent in 2005).

This was most pronounced among those who borrowed more than \$0 but less than \$2,500 (65 percent of borrowers at this level were female in 2005 with 66 percent in 2000), and between \$2,500 and \$4,999.99 (62 percent of borrowers at this level were female in 2005 with 57 percent in 2000).

Only in the \$15,000 and over borrowing level were females outnumbered by males (53 percent of these borrowers were male in 2005 with 56 percent in 2000).

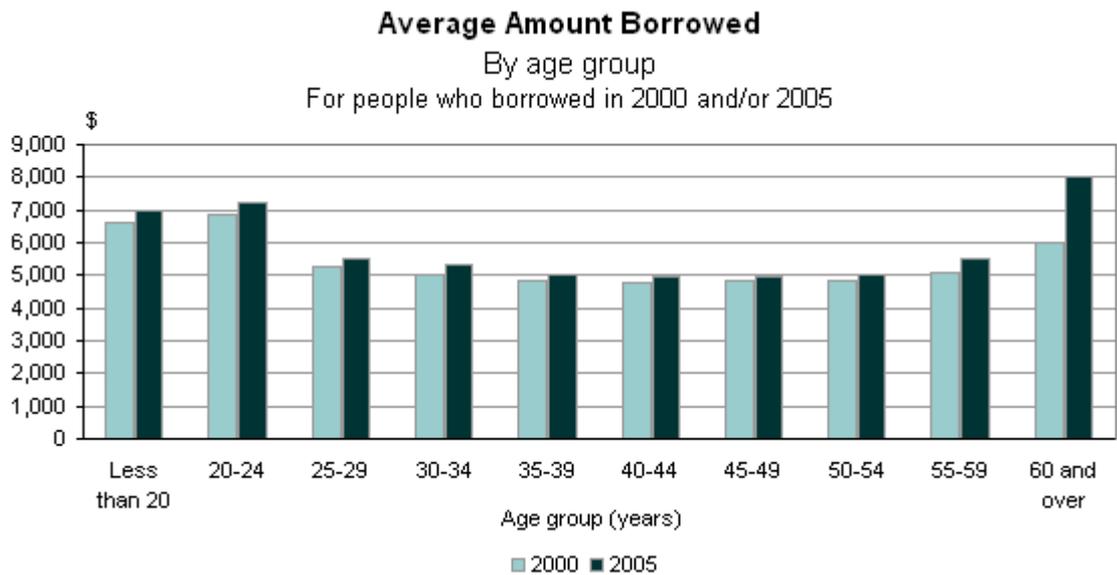
**Males borrow more**

In 2005 males borrowed 11 percent more, on average, than females, with a larger percentage of females borrowing under \$5,000, and a larger percentage of males borrowing over \$10,000.

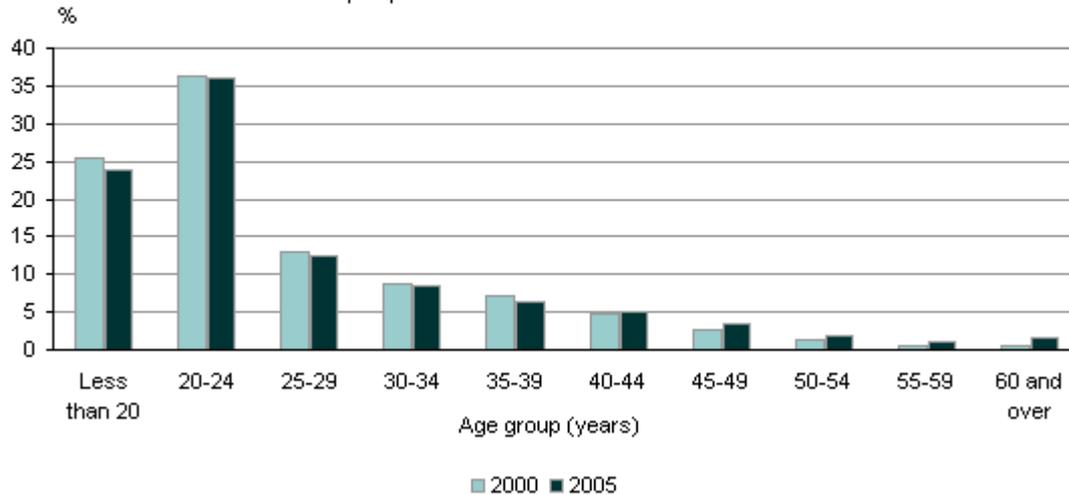
Nineteen percent of female borrowers borrowed less than \$2,500 in 2005, compared to 16 percent for males, and 29 percent borrowed from \$2,500 to 4,999.99, compared to 26 percent for male borrowers.

Seventeen percent of male borrowers borrowed \$10,000 to \$12,499.99, compared to 15 percent of females, and 3 percent borrowed \$15,000 or more in 2005, compared to 1 percent of female borrowers.

Between 2000 and 2005, the average amount borrowed in one year by males increased by \$410 (6 percent) to \$6,830. Females borrowed \$270 (5 percent) more than in 2000, to average \$6,130 in 2005.



**Percentage of Borrowers**  
By age group  
For people who borrowed in 2000 and/or 2005

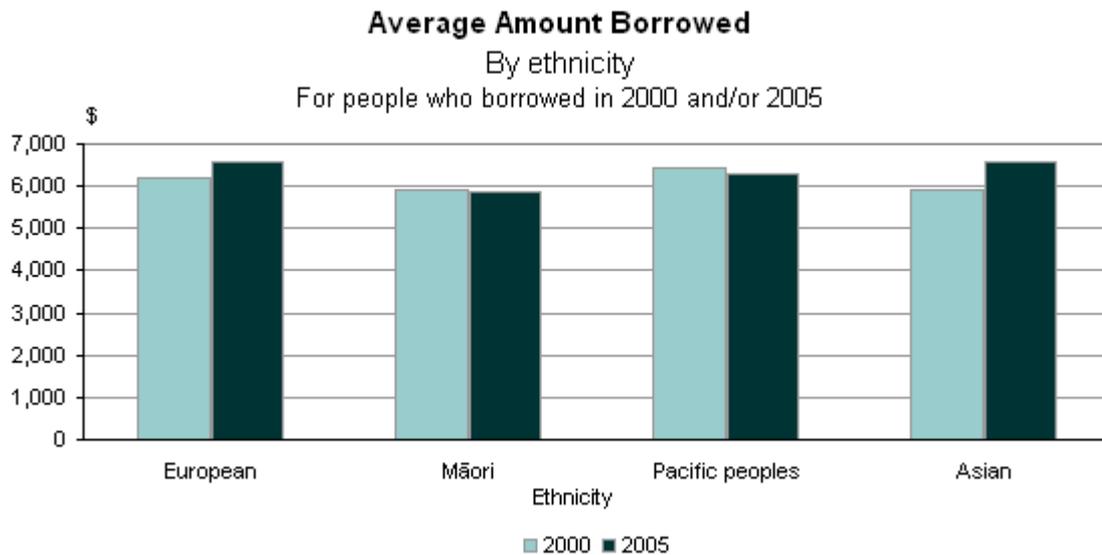


**Amount borrowed increases most for those aged 60 years and over**

The pattern of borrowing remained fairly stable for most age groups between 2000 and 2005. The biggest increase was for those aged 60 years and over, with borrowing up 34 percent from \$6,010 to \$8,040, making them the largest borrowers on average. There is some volatility in the average amount borrowed over time, due to the small number of borrowers in this age group.

**Most borrowers under 25 years of age**

In both 2000 and 2005 the majority of borrowers were under 25 years of age. The 20–24 year age group has held its place as the most common age group to borrow, with 36 percent of students in this category. The proportion of borrowers aged under 40 years has decreased overall from 90 percent in 2000 to 87 percent in 2005 (while the proportion of those aged 40 years and over has increased, from 10 percent to 13 percent over the same period).

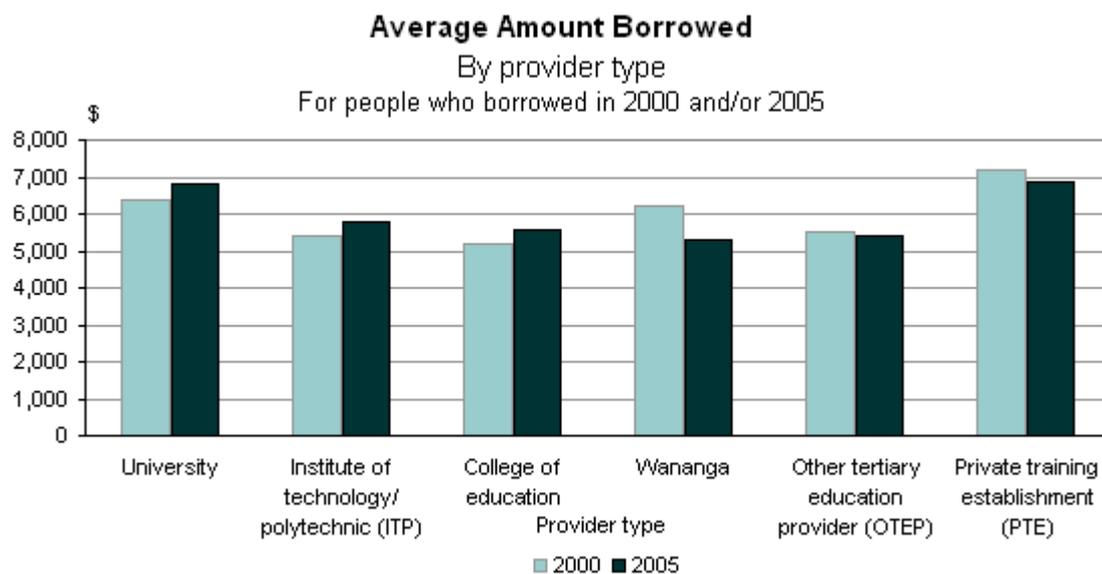


### European and Asian borrowing increases

The average amount borrowed in 2000 and 2005 increased for both European and Asian borrowers – 7 percent for European borrowers, from \$6,180 in 2000 to \$6,590 in 2005; and 11 percent for Asian borrowers, from \$5,920 in 2000 to \$6,560 in 2005. The large increase in the average amount borrowed by those in the Asian ethnic group reflects an increase in the number of Asian borrowers, up from 14,643 in 2000 to 23,343 in 2005 (an increase of 59 percent).

### Māori and Pacific peoples borrowing decreases

The average amount borrowed by Māori and Pacific peoples decreased between 2000 and 2005 (down 1 percent for Māori, from \$5,900 to \$5,850, and down 2 percent for Pacific peoples, from \$6,430 to \$6,290). The decreases for borrowers in these ethnic groups are likely to be due to an increase in enrolments in low-fee and short-duration courses at institutions such as wānanga.



**Highest amount of borrowing at private training establishments and university**

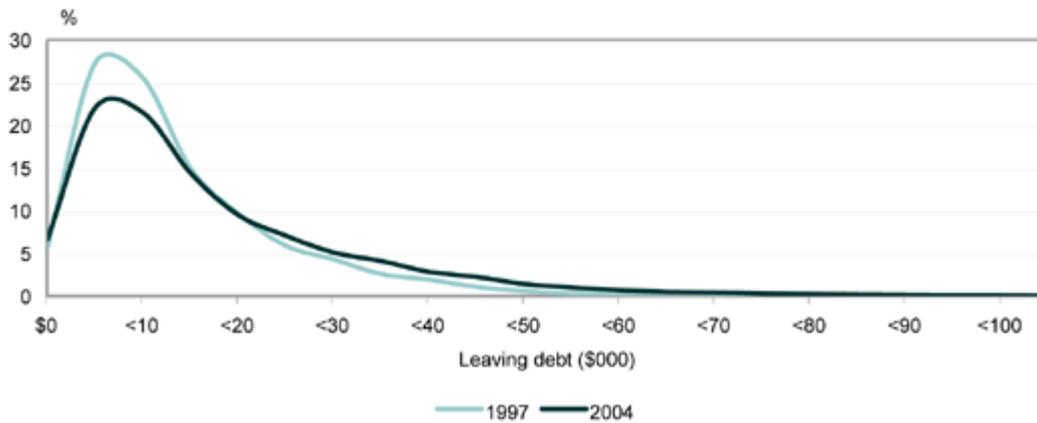
The average amount borrowed by students at private training establishments (PTEs) dropped from \$7,190 in 2000 to \$6,850 in 2005, but students at PTEs still had the highest average borrowing in a year. Average borrowing for students at universities increased from \$6,390 in 2000 to \$6,800 in 2005.

**Largest decline in average amount borrowed at wānanga**

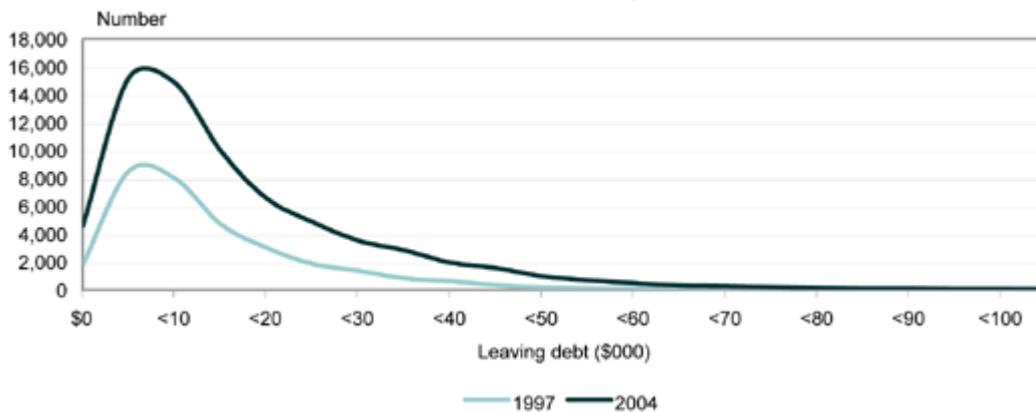
The largest decline in average amount borrowed by students between 2000 and 2005 was at wānanga, which dropped 15 percent, from \$6,210 to \$5,290, thus making it the provider type with students with the lowest average level of borrowing in 2005. The factors likely to have influenced the decrease in average borrowing by students at PTEs and wānanga include the Government's introduction during the period of policies to stabilise and control student fees, and the trend toward low-cost courses at wānanga.

# Distributions for leaving debt

**Students Leaving Study in 1997 and 2004**  
Percentage of borrowers by debt level



**Students Leaving Study in 1997 and 2004**  
Number of borrowers by debt level

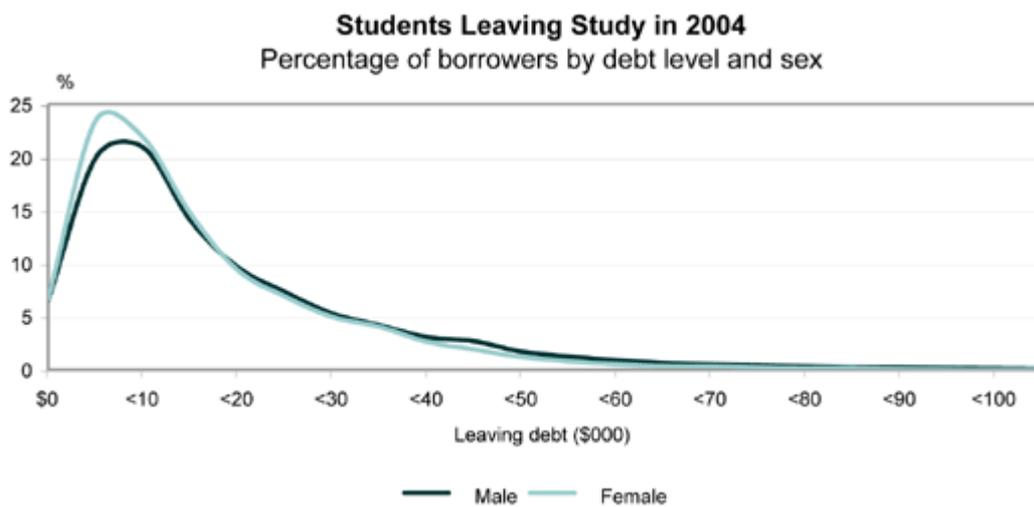
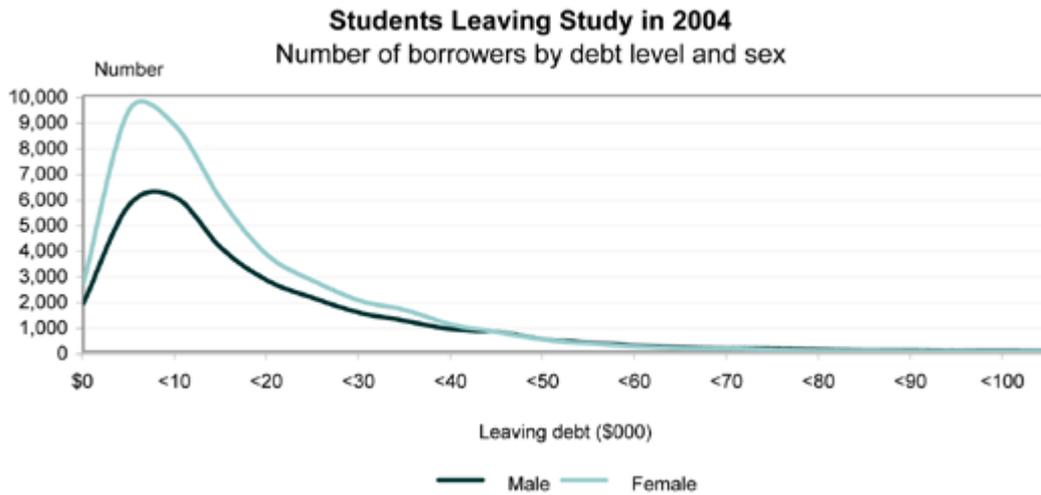


The number of borrowers leaving study more than doubled from 31,215 in 1997 to 68,976 in 2004.

## Overall trend of leaving debt and debt five years post-study

The average leaving debt accumulated by students who borrowed under the Student Loan Scheme while studying increased from \$11,220 for those who left study in 1997 to reach \$14,780 for those who left study in 2004 (up 32 percent).

The proportion of borrowers who left study owing less than \$10,000 fell from 59 percent for those who left in 1997 to 50 percent for those who left in 2004. The proportion of leavers with debts in the \$20,000 to \$69,999.99 range increased from 17 percent to 25 percent during this time. For the \$20,000 to \$29,999.99 range the proportion increased from 10 percent to 12 percent.



Females made up 58 percent of the 2004 leaving cohort, up from 50 percent in 1997.

### Higher leaving debt for males

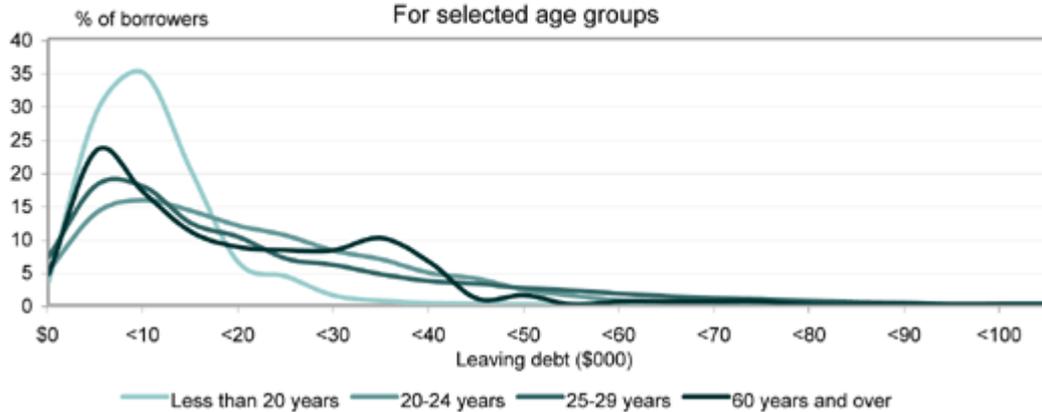
The average leaving debt for males in 2004 (\$16,290) was \$2,590 higher than for females (\$13,700). This compares with an average difference in 1997 of only \$60 between males (\$11,250) and females (\$11,190).

The difference between the average leaving debt for males and for females who left study in 2004 reflects the higher proportion of females with debt under \$10,000, while a higher proportion of males left with debt in the higher ranges of \$20,000 to \$79,999.99.

### Students Leaving Study in 2004

By debt level

For selected age groups



### Highest leaving debt for 25–29 year olds

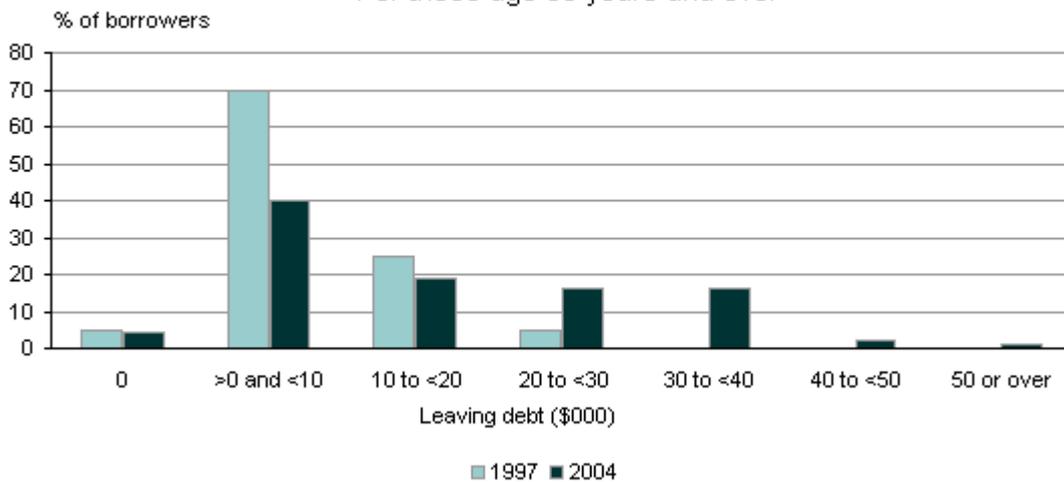
The highest average leaving debt for those who left study in 2004 was for those aged 25–29 years (\$19,020), followed by 20–24 year olds (\$18,730) and those 60 years and over (\$16,340).

### Lowest leaving debt for under 20 year olds

Those aged less than 20 years in the 2004 leaving cohort had the lowest average leaving debt of \$8,630. Sixty-six percent had a debt less than \$10,000. Those aged less than 20 years on leaving would be limited in the number of years they could have received support through the loan scheme.

### Leaving Debt

For those age 60 years and over

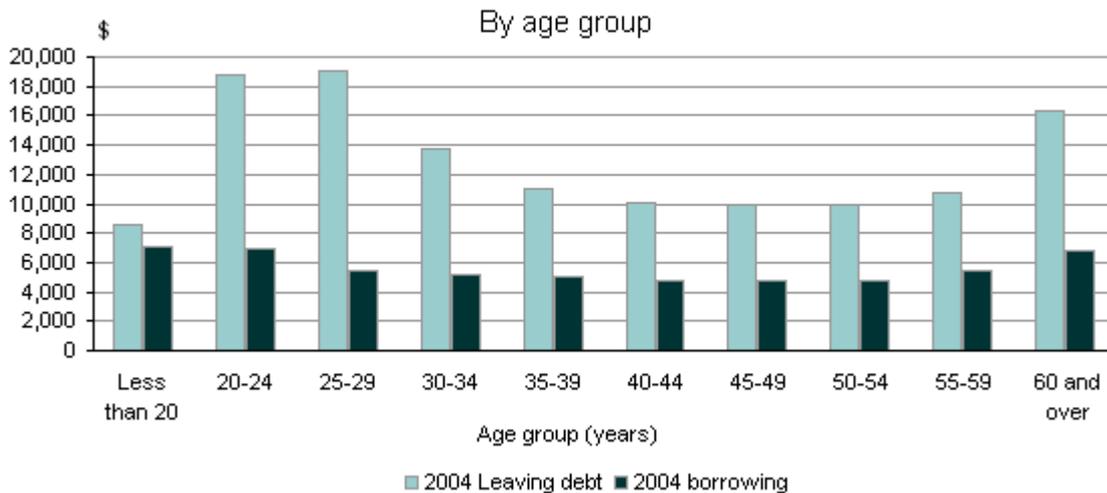


### Leaving debt for those aged 60 years and over increases 141 percent

The average leaving debt for those aged 60 years and over increased significantly from 1997 (\$6,790) to 2004 (\$16,340). This is reflected by the decline in the proportion of borrowers aged 60 years and over in the category greater than \$0 and less than \$10,000 (70 percent in 1997, down to 40 percent in 2004), and an increase in those borrowing \$20,000 to \$39,999.99 (5 percent in 1997, up to 32 percent in 2004).

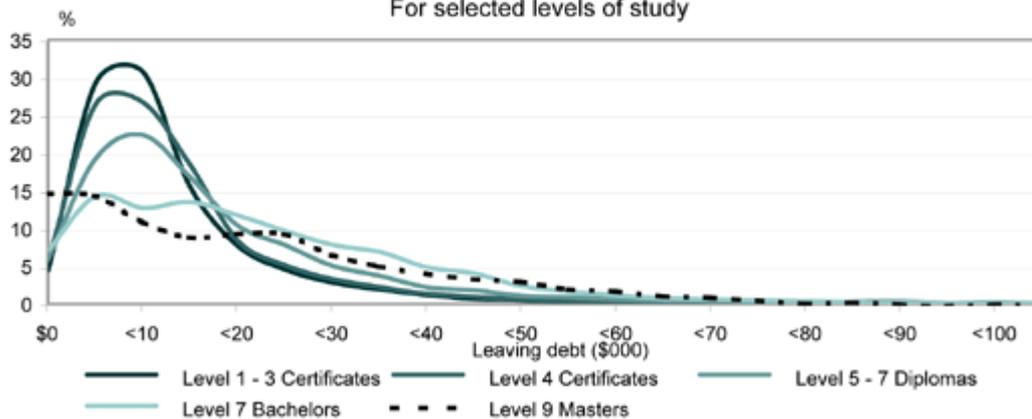
While the number of those aged 60 years and over, who have debt from \$30,000 to \$39,999.99 is very small (about 100), the proportion is high compared to other age groups. Although the total number of people aged 60 years and over has been increasing steadily in successive leaving cohorts (from 60 in 1997 to 660 in 2004), in 2004 they represent just 1 percent of the overall leaving cohort.

### Comparison of Average 2004 Leaving Debt and 2004 Borrowing



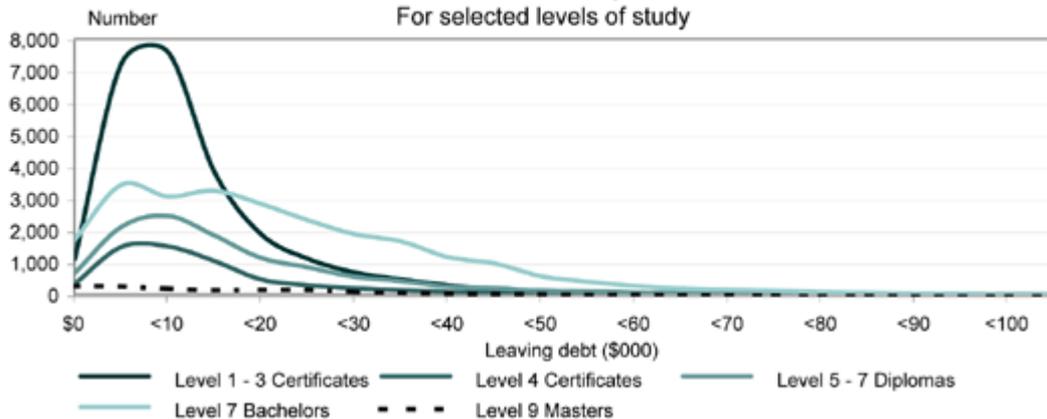
### Students Leaving Study in 2004

Percentage of borrowers by debt level  
For selected levels of study



### Students Leaving Study in 2004

Number of borrowers by debt level  
For selected levels of study



#### Leaving debt increases with level of study

Average leaving debt in 2004 was highest for borrowers enrolled in a doctorate (\$23,580), followed by honours/postgraduate certificate/diploma (\$20,800), master's degree (\$19,710) and bachelor's degree \$19,630.

The lowest average leaving debt was recorded for borrowers enrolled in level 1–3 certificates (\$10,270), followed by level 4 certificates (\$10,960) and level 5–7 diplomas (\$15,310).

#### Increase in leaving debt between 1997 and 2004

Between 1997 and 2004, the average leaving debt increased for all levels of study. In percentage terms, the increase was greatest for level 4 certificates (73 percent), doctorates (66 percent) and level 1–3 certificates (59 percent). As a dollar amount the largest increase was \$9,360 for doctorate students.

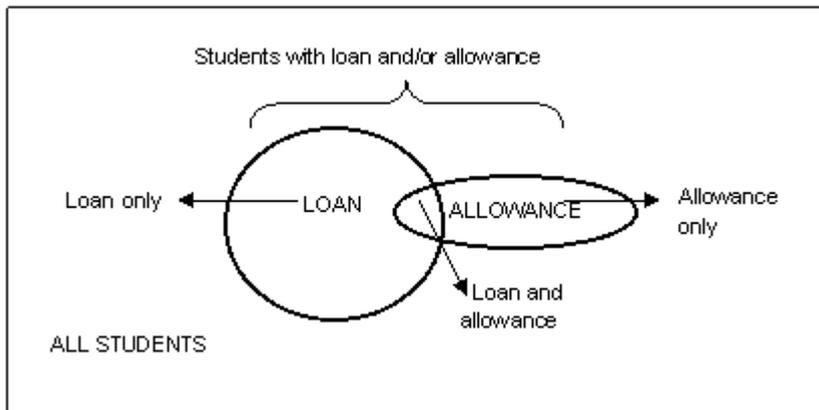
The average leaving debt for those who studied at a bachelors level was \$19,630 for 2004 and \$15,230 for 1997, an increase of 29 percent.

#### Highest leaving debt for university, lowest for wānanga

The average leaving debt in 2004 was highest at universities (\$19,600), and lowest at wānanga (\$11,440) reflecting the availability of low fee and short courses available at wānanga.

# Loans and allowances

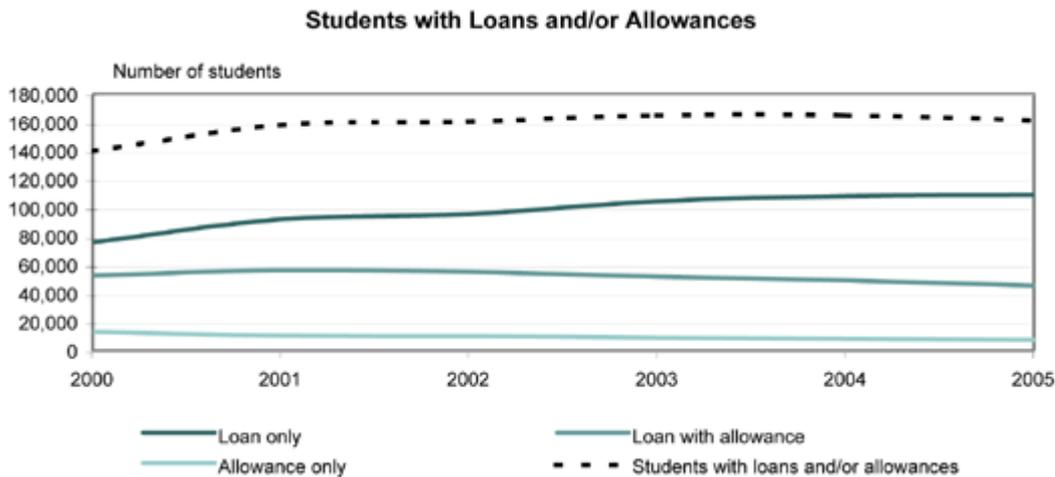
## Loans and allowance categories of students



The above diagram (not to scale) shows the financial support options available to students. Students can have a loan and/or an allowance.

## Overall trend of loans and allowances

The number of students receiving allowances has decreased, while the number of students with a loan (with no allowances) has increased. Students with a loan who have an allowance borrow less. Students with a loan and an allowance have a higher allowance than those without a loan.



## Increasing number of students receive loan and/or allowance

The overall growth in the number of loan and/or allowance students was 16 percent, rising from 140,979 in 2000 to reach 162,966 in 2005. Most of the increase came between 2000 and 2001 (13 percent) reflecting the increase in loan-only students in that time (21 percent).

### Number of allowance-only students falls 44 percent

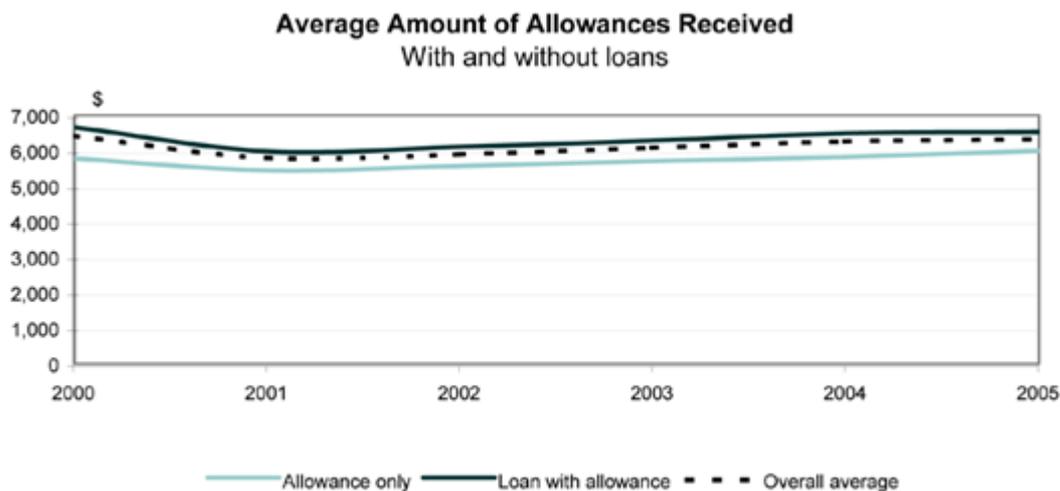
The number of students receiving only an allowance nearly halved between 2000 and 2005, from 12,873 in 2000 to 7,251 in 2005 (a decrease of 44 percent). The number of students receiving a loan and an allowance also decreased 13 percent between 2000 and 2005, down from 52,275 in 2000 to 45,420 in 2005. While the number of students receiving allowances had decreased, students who had both a loan and an allowance borrowed less, on average, than students who had a loan-only (17 percent less in 2000 and 13 percent less in 2005).

The 8 percent increase in loan and allowance students between 2000 and 2001 (up 3,984) reflects in part the drop in allowance-only students in the same years (down 2,592), as students who qualified for an allowance also borrowed.

### Number of loan-only students increases

The number of borrowers without an allowance increased 44 percent between 2000 and 2005, from 75,810 to 108,954, with the biggest increase occurring in 2001 (21 percent).

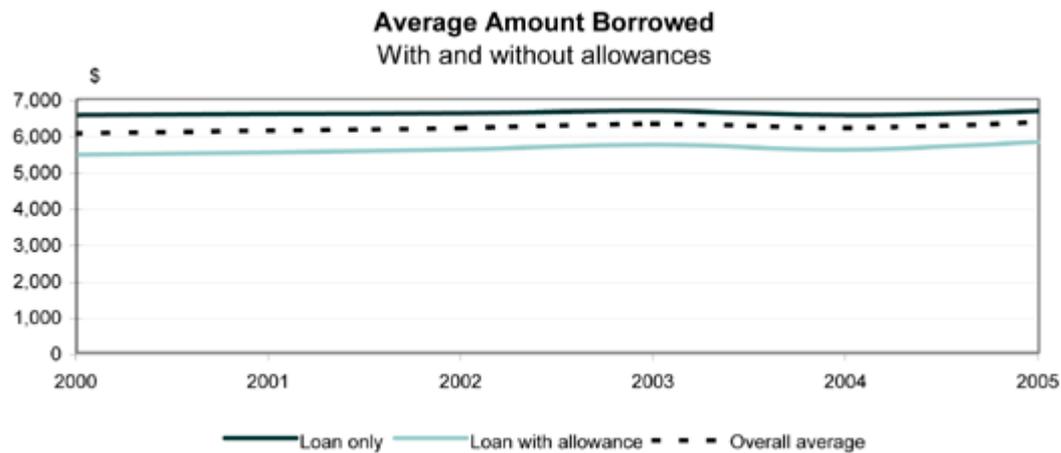
About 7 in every 10 borrowers did not have an allowance in 2005. The proportion of loan-only students rose from 59 percent in 2000 to 71 percent in 2005.



### Allowances 10 percent higher among borrowers

The average allowance received by loan and allowance students tended to be about 10 percent higher than for allowance-only students. This occurred in all years except in 2000, when the allowance received by loan and allowance students was 15 percent higher.

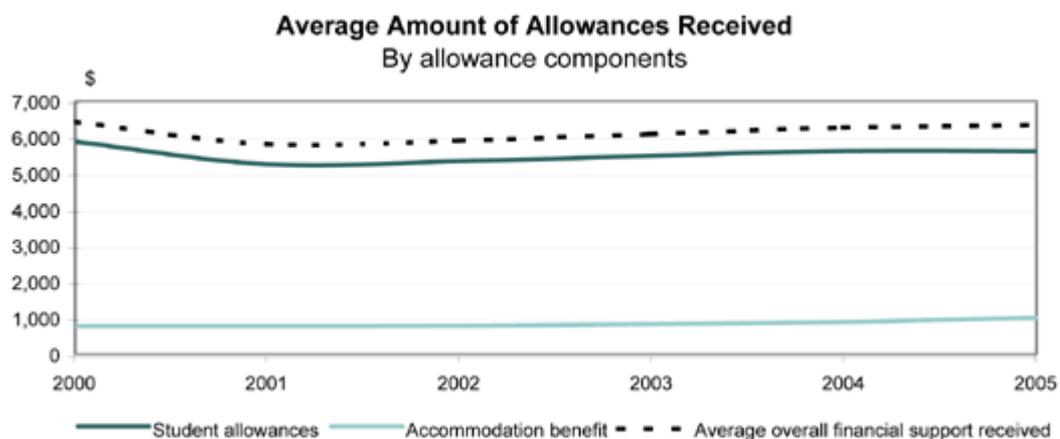
This difference between allowance students with and without loans could reflect a greater financial need for students who need to borrow. This would flow through to them being eligible for more allowance.



**Borrowers with allowances borrow less**

Loan and allowance students borrowed less, on average, than loan-only students (17 percent less in 2000 and 13 percent less in 2005).

However, receiving an allowance has not led to a decline in the average amount borrowed. The annual average amount borrowed by loan and allowance students increased by 6 percent from 2000 (\$5,460) to 2005 (\$5,810). The annual average amount borrowed by loan-only students increased by only 2 percent, up from \$6,550 in 2000 to \$6,660 in 2005.



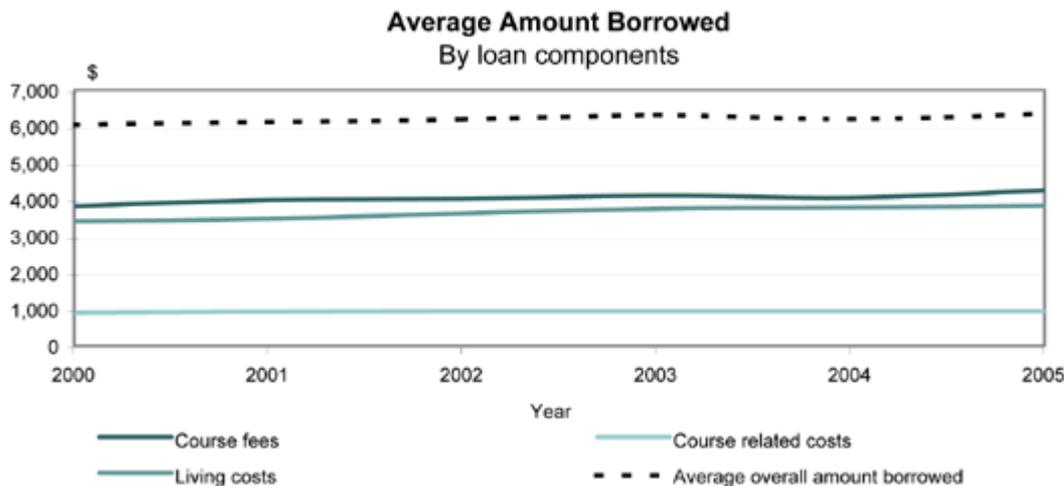
**Average student allowance received in 2005 remains below 2000 level**

The average amount of student allowance received fell 11 percent between 2000 and 2001, and has not yet returned to the 2000 level (\$5,610 in 2005, \$5,870 in 2000). This is despite allowance rates rising annually.

This trend was reflected in the average total allowance and accommodation supplement received, which fell 10 percent from 2000 (\$6,490) to 2001(\$5,870). It then climbed steadily from 2001 (\$5,870) to 2005 (\$6,390) but has not yet returned to the 2000 level, although it has been helped slightly by the increase in average accommodation benefit received.

### Accommodation benefit increases

The average accommodation benefit received increased steadily between 2000 and 2005, and was up 29 percent over five years, from \$780 to \$1,010. Fifteen percent of this increase occurred between 2004 and 2005, up from \$890 to \$1,010.



### Average total borrowing up 5 percent

The average total borrowed by students increased 5 percent between 2000 and 2005, rising from \$6,110 to \$6,410. The small decrease in 2004 was due to the numbers of low fee and short duration courses (which in turn decreased the amount borrowed for course fees). The rise in average total borrowed in 2005 is due to reduction in discounting at wānanga and PTEs. In addition, the introduction of the fee and course costs maxima policy gave tertiary education providers some freedom to increase their fees, subject to limits, following a period in which fees were frozen.

### Increased borrowing for course fees and living costs

Average course fees borrowed by students increased by 11 percent, from \$3,820 in 2000 to \$4,250 in 2005, while average living costs borrowed in a year increased 12 percent during the same time from \$3,410 to \$3,830. Average borrowing for course related costs remained steady over the same period at just under the \$1000 maximum available.