

CHAPTER FOUR:

Valuing and Forecasting Student Loans

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4.0 Introduction

This chapter looks at the latest valuation of the Student Loan Scheme at 30 June 2009 and changes since the previous valuation. It explains the key valuation statistics and the factors that have led to changes over the past year. It also identifies the costs of the scheme and looks at the modelling of the total loan balance into the future.

Student loan valuation terms

Nominal value

The nominal value of student loans is the balance of borrowings with Inland Revenue and the Ministry of Social Development. It is the total amount owed by borrowers at a point in time, including loan principal, interest and penalties. The change in the value from year to year reflects changes in the amount owed by borrowers.

The **nominal value** as at 30 June 2009 was **\$10,259 million**.

Carrying value

The carrying value is the value of the Student Loan Scheme asset which is maintained in the scheme's accounts. It is adjusted during the year as new loans are issued and repayments made. Adjustments are also made each year following an annual valuation of the asset. Since 1 July 2005, valuations have been made in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Under NZ IFRS, the cost to the government of new lending is recognised at the time it is lent, so that, all things being equal, there is no further cost associated with that lending. An annual, NZ IFRS-compliant valuation is undertaken and any adverse difference between the carrying value and the result of this valuation is recorded as an expense.⁴⁴

The **carrying value** as at 30 June 2009 was **\$6,553 million**.

Fair value

The fair value is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Fair value differs from the carrying value, which uses a weighted average discount rate based on historical rates that are fixed for each annual cohort of borrowers at the time they first borrow. The fair value has been reported in the accounts since 2003.

The **fair value** as at 30 June 2009 was **\$5,464 million**.⁴⁵

Initial fair value write-down

The initial fair value write-down is an amount by which a loan is discounted on the balance sheet at the time it is first made. The loan is taken on to the balance sheet at a value that is determined by discounting expected future cash flows over the life of the loan into 'today's value'. The fair value write-down is recognised as an expense.

Interest unwind

The schedule of revenue and expenditure includes revenue from what is called an 'interest unwind'. At the end of the financial year, the cash flows from existing loans on the balance sheet have moved one year closer to being repaid. The discount that was initially applied to them must be adjusted to reflect the fact that time has moved forward by a year. In effect, this is a reversal, or unwinding, of the reduction in value brought about by the discounting process.

4.1 Valuation

Each year the student loan asset is valued in accordance with NZ IFRS. If this value is lower than the current carrying value, the carrying value is reduced or 'written down' through what is known as an impairment or reduction in value. Should the NZ IFRS value be greater than the carrying value, the carrying value can be increased through a reversal of a previous impairment. An impairment is recognised in the accounts as an expense.

At 30 June 2009, the value of student loans was assessed as \$6,553 million, which implied an impairment of \$779 million that has been recognised in the scheme's financial statements. Although the nominal balance had increased by \$686 million (see Table 11), the impairment meant that the carrying value after revaluation was \$189 million lower than it had been a year earlier.

The annual valuation includes measurement of the fair value, which is disclosed in a note to the accounts. This, too, declined during the year, by \$56 million.

For a more detailed explanation of the method used to determine the impairment, carrying value and fair value refer to chapter 5.5.

Movements in the carrying value over the year

The source of movements in the carrying value in 2008/09 are set out in Table 10.

The opening carrying value from the last valuation is:

- increased by new lending during the year (including administration fees applied at the time each loan is first drawn)
- discounted for the initial write-down of that new lending to fair value that is made
- reduced by repayments that are made during the year
- increased by interest unwind, income that accrues to loans that have been written down to fair value as the write-down is 'unwound' over time
- adjusted for any impairment resulting from a revaluation of the student loan asset according to NZ IFRS principles.

⁴⁴ For a fuller description see the Statement of accounting policies on page 49 of this report.

⁴⁵ See also Student loan fair value on page 51 of this report.

Table 10 Movement in the carrying value 2008/09

	\$ million
Opening value	6,741
New lending	1,350
Administration fee	10
Initial write-down	-532
Repayments	-710
Interest unwind income	473
Impairment	-779
Closing value (after impairment)	6,553

Source: Student Loan Scheme Financial Statements.

Reasons for change in value over the year

Many factors have contributed to the reductions in both carrying value and fair value of the scheme during the 2008/09 financial year. The main ones are set out below.

A major source of impairment arises from the current macroeconomic conditions. Salary and wage growth is now expected to be considerably weaker in the short to medium term. This affects the expected future income levels of borrowers and therefore their expected repayments. Slower repayments lead to a lower value of the loans to the Crown.

Better data and modelling have enabled more accurate estimates of the value of student loans in a number of areas, each of which has led to lower valuation estimates:

- Initiatives introduced by Inland Revenue in 2008 to reduce the level of underpayments by some borrowers have led to some improvements, though not to the extent that had been assumed in the previous valuation.
- Improved modelling of those underpaying has enabled better estimates of future repayment levels.
- Improved data has enabled better definition of those borrowers who are based overseas and their borrowing behaviour.

A large number of student loan borrowers did not provide the necessary information to Inland Revenue to enable them to benefit from interest write-offs that applied for the 2000 to 2006 tax years. It is expected that an estimated \$96 million will be credited to those borrowers who had interest incorrectly accrued on their loan while studying and this has been accounted for in the 2008/09 valuation. The carrying value of student loans is reduced by the expected value of those credits.

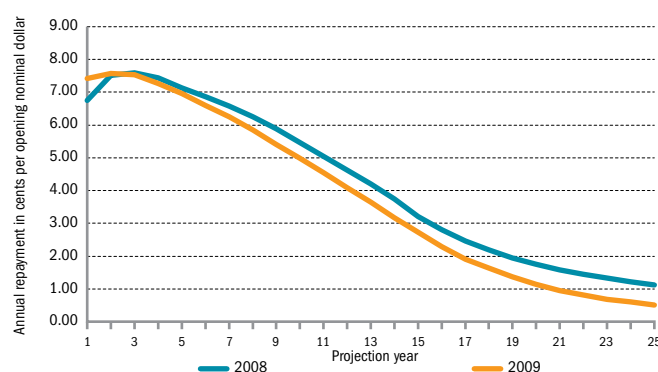
On the other hand, the Government has introduced a 10 percent bonus to be granted to borrowers making a voluntary repayment of \$500 or more. This move is expected to have a modest positive impact on the value of loans. It has been considered appropriate to recognise the impact of this policy in the 2008/09 valuation.

The combined effect of changes is to reduce the carrying value to 63.9 percent of the nominal value, the same percentage that applied at 30 June 2007. The reduction is partly a reflection of deteriorating macroeconomic conditions and partly a reversal of some assumptions in previous modelling that are now considered optimistic in the light of changing conditions.

The fair value also declines – from 57.7 percent to 53.3 percent of the nominal value. Different discount rates used in the two valuations explain differences between them. The fair value, being based on current market interest rates and risk premiums, is relatively heavily discounted and is thus lower than the carrying value, which has discount rates locked in for each cohort of new borrowers at the time they first borrow.

The overall discount rate used in the fair valuation changed very little in 2008/09. But the carrying value related to a loan portfolio that included a further cohort of new borrowers that had a relatively high discount rate locked in. With these rates applying to a growing proportion of the portfolio, the carrying value became more heavily discounted during 2008/09. This led to the larger reduction (in both absolute and percentage terms) in the carrying value (see Figure 37 below).

Figure 37 Comparison of projected repayments

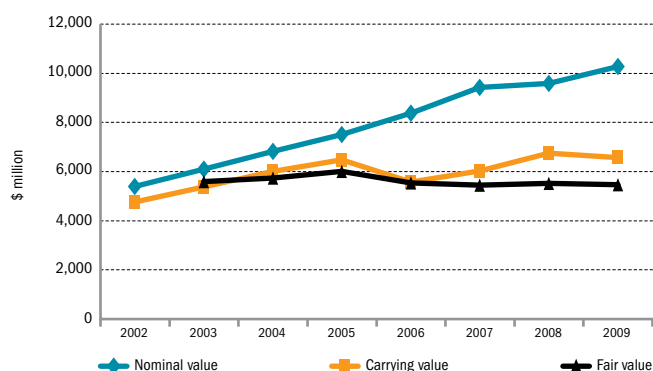


Source: Student Loan Scheme Financial Statements.

Note: Annual repayments in cents per nominal dollar of loan are shown, as used in the valuations. The tracks show the average repayment expected from each dollar on loan at valuation time for the following 25 years.

Figure 38 and Table 11 show the trends in the nominal value of the scheme, the carrying value and the fair value over the last seven years.

Figure 38 The value of the Student Loan Scheme at 30 June



Source: Student Loan Scheme Financial Statements.

Notes:

1. The carrying value from 2006 onwards is prepared according to New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).
2. The carrying value up until 30 June 2005 was prepared according to New Zealand Financial Reporting Standards.
3. The fair value was first determined in 2003.

Table 11 The loan scheme's nominal value, carrying value and fair value at 30 June 2003–2009

		2003	2004	2005	2006	2007	2008	2009
		\$ million	\$ million	\$ million	\$ million	\$ million	\$ million	\$ million
Values	Nominal value	6,094	6,821	7,499	8,370	9,413	9,573	10,259
	Carrying value	5,370	5,995	6,465	5,569	6,011	6,741	6,553
	Fair value	5,592	5,734	5,994	5,537	5,443	5,521	5,464
Cents per dollar of nominal value								
Ratios	Carrying value to nominal value	88.1	87.9	86.2	66.5	63.9	70.4	63.9
	Fair value to nominal value	91.8	84.1	79.9	66.2	57.8	57.7	53.3

Source: Student Loan Scheme Financial Statements.

Notes:

1. The carrying value from 2006 onwards is prepared according to New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).
2. The carrying value up until 30 June 2005 was prepared according to New Zealand Financial Reporting Standards.

4.2 Expense and cash outlay of the scheme

The financial expense of the scheme is reported in the annual accounts set out in chapter 5 of this report. This consists of the expenses associated with writedowns and impairments of loans, offset by interest unwind income – as recognised according to NZ IFRS principles.

The net cash outlay of the scheme (the amount of cash disbursed by way of new lending less the cash brought in through repayments) is also of interest.

Table 12 shows the net expense and cash outlay of the scheme over the last three years.

Table 12 Scheme expense and cash outlay for the year ending 30 June 2007–2009

		2007	2008	2009
		\$ million	\$ million	\$ million
Cash outlay	New lending	1,176	1,201	1,350
	Repayments	-555	-629	-710
	Net cash	621	572	640
Expense of scheme	Fair value write-down on new borrowing	488	487	532
	Interest unwind income	-360	-407	-473
	Impairment and other write-down	151	-231	779
	Net expense	279	-151	838

Source: Student Loan Scheme Financial Statements.

Note: The fair value write-down on new borrowing includes the write-down on the administration fee added to borrowers' loan balances at the time they first draw on their loans each year.

This table indicates that in 2008/09, \$1,350 million was lent out. Repayments amounted to \$710 million, meaning that the net cash outlay was \$640 million. The new borrowing incurred an expense through an initial write-down of \$532 million. Income of \$473 million accrued during the year by way of the interest unwind. The valuation of the scheme at 30 June 2009 produced an impairment of \$779 million, leaving a net expense of \$838 million for the year.

Forecast expenses of the scheme

The annual valuation also assesses the fair value to which new lending should be written down for the following financial year. Because new borrowers are, on average, further away from repaying than the typical holder of a student loan, loans held by new borrowers are worth less to the Crown than average. So the initial fair value write-down is higher than suggested by the carrying value. In 2008/09, the initial write-down was 39.15 cents in the dollar. In 2009/10, this will rise to 47.39 cents. One way of looking at this is that of every dollar the Crown lends, 52.61 cents is treated as an asset and 47.39 cents as an expense.⁴⁶ The main reasons for this change are economic conditions, better information on borrower behaviour and improved modelling.

Assuming that expenses remain constant over the government's baseline period (to 2012/13), the forecast value of the Student Loan Scheme over that period is shown in Table 13. The current valuation fully accounts for impairment known at this time. Thus there is no impairment shown for future years.

Table 13 Forecast of scheme expense and cash outlay for years ending 30 June 2009–2013

		Actual	Forecast			
		2009	2010	2011	2012	2013
		\$ million	\$ million	\$ million	\$ million	\$ million
Cash outlay	New lending	1,350	1,478	1,551	1,585	1,616
	Repayments	-710	-794	-869	-944	-1,013
	Net cash	640	684	682	641	603
Expense of scheme	Fair value write-down on new borrowing	532	700	735	751	766
	Interest unwind income	-473	-513	-546	-577	-606
	Net expense	59	187	189	174	160

Source: Budget and Economic Fiscal Update 2009 (BEFU 2009) and Ministry of Education.

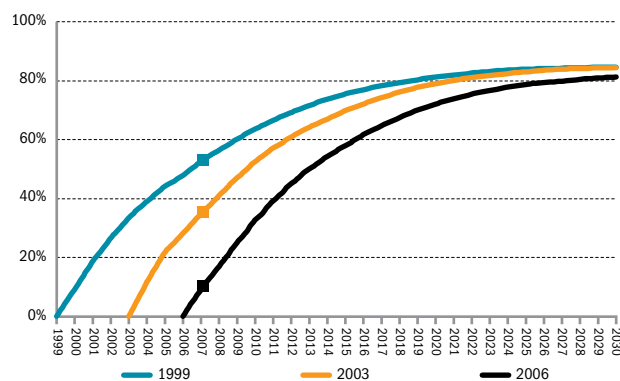
Note: New lending and repayment numbers are from BEFU 2009. The cost of scheme numbers have been reworked from the BEFU 2009 to reflect the valuation results as at 30 June 2009.

4.3 Forecasts of student loan repayment times

This section looks at expected repayment times for different groups of borrowers. It focuses on three groups of people who have used the loan scheme – those who left study in 1999, 2003 and 2006.⁴⁷ On leaving, each of these groups faced slightly different conditions due to changes in the New Zealand and world economies. The approach taken in these forecasts is to look at the repayment experience to date of each of these groups and to combine that with projected repayment behaviour drawn from the Ministry of Education's Student Loans Integrated Model (SLIM). We also look at earlier forecasts of repayment times for the 2003 and 2006 leavers and discuss how and why the forecasts have changed.

Figure 39 shows the overall repayment times for the leaving cohorts in 1999, 2003 and 2006. The repayment times in the graph are the combination of past repayment time (before 31 March 2008) and future projected repayment time, with the solid dots showing the point at which the actual data changes to the modelled data.

Figure 39 Repayment times for borrowers who left study in 1999, 2003 and 2006.



Source: Ministry of Education, Student Loans Integrated Model.

Notes:

1. Repayment times are a mix of the experienced repayment time to 31 March 2008 and the projected remaining repayment time.
2. The solid dot shows the point at which the actual data switches to forecast data.

⁴⁶ Another way of looking at this is that the economic cost of new lending is 47.39 cents in the dollar.

⁴⁷ The 1999 leavers are those who studied in 1999 and did not study again, at least until they had repaid or are modelled as having repaid their loan.

Figure 39 shows little difference between the three groups. The median repayment time – represented by the horizontal line at the 50 percent mark – ranged from 6.6 years for the 2003 cohort, through 7.0 years for the 2006 cohort to 7.5 years for the 1999 cohort. In fact, the median was reached for the 1999 cohort during 2006.

These slight differences in repayment times reflect the differences in conditions faced by the three groups.

- The 1999 group accumulated interest while they were in study and a good number of them had repaid entirely before the interest-free student loans policy came into effect. The amounts borrowed in 1999 reduced as a result of policy changes. This meant that the people who left study in 1999 had slightly lower leaving loan balances than those who left in the preceding years. They also faced rising tuition fees as they went through study, which increased their borrowings. However, this cohort had the benefit of a strengthening labour market when they left study, which improved their ability to repay quickly.
- Those in the 2003 leaving cohort would have had the benefit of the 'no interest while studying' policy (which was introduced in 2000) – in most cases throughout their period of study. They had stable fees from 2001 because of the Government's fee stabilisation policy. And around three-quarters of this group had some benefit from the interest-free student loans policy as they still had unpaid balances when that policy came into effect on 1 April 2006. This group had several years' benefit from the strong labour market that existed until 2008 – around 40 percent of the cohort had completely repaid by the time the impacts of the recession began to affect the job market.
- The 2006 cohort had the benefit of the interest-free policies and a measure of control on fee levels. But only about one-sixth of the group had repaid by the time the labour market began to turn down. So the great majority face a repayment period when salary growth is lower and when unemployment rates are higher.

In the 2005 and 2006 annual reports, we forecast the median and 25th and 75th percentile⁴⁸ repayment times for people leaving study in those years. Table 14 compares those forecasts with these latest ones.

Table 14 Forecast repayment times for borrowers who left study in 2004, 2005 and 2006

		Repayment time from leaving year		
		25th percentile	Median	75th percentile
2004 leaving cohort	2004 annual report forecast	3.6	6.9	12.0
	2009 forecast	2.7	6.7	14.7
2005 leaving cohort	2005 annual report forecast	3.5	6.7	10.6
	2008 annual report forecast	3.5	7.1	15.2
	2009 forecast	3.1	6.9	15.2
2006 leaving cohort	2006 annual report forecast	3.7	6.9	10.5
	2009 forecast	3.0	7.0	15.8

Source: Ministry of Education, Student Loans Integrated Model and the Tertiary Education Student Loan Analysis model.

Note: Repayment times are calculated in years.

The 2006 forecasts were made using a different model of the Student Loan Scheme, the Tertiary Education Student Loan Analysis (TESLA) model. This model was superseded in 2007 by the Student Loans Integrated Model (SLIM). This change of model means that differences in the forecasts are inevitable and, in particular, the more recent forecasts are more precise. The 2006 forecast took account of the interest-free student loans policy whereas the policy was still to charge interest once borrowers had left study when the 2005 forecasts were made. The interest-free policy, however, made relatively small differences to repayment times, because lower levels of loan balance were offset by lower levels of voluntary repayments. Another major change reflected in the 2009 modelling is better information about borrowers who go overseas. In 2005 and 2006, before the matching of data between Inland Revenue and Customs, the number of borrowers overseas was underestimated. As will be evident from section 4.4 below, those who remain in New Zealand have much lower repayment times than people who go overseas. This is one of the two factors that led to an underestimate of the 75th percentile repayment times. Non-resident borrowers are over-represented in the group with the longest repayment times. The second factor that contributes to the earlier underestimates of the 75th percentile repayment time is the changes in the labour market. One of the effects of reduced growth in incomes is an increase in the numbers who do not reach the repayment threshold for a period. This has the effect of increasing repayment times for the group that has the longest repayment time.

Forecast repayment times by borrower characteristics

We can look at the expected repayment times by sub-groups of these three cohorts, and explore differences by gender, ethnicity and type of study.

Gender

Women tend to have slightly shorter median repayment times than men in the 1999 and 2003 cohorts. In the 2006 cohort, the men are expected to repay slightly more quickly. Table 15 gives the median repayment times, plus the 25th and 75th percentiles.

Table 15 Forecast repayment times for borrowers who left study in 1999, 2003 and 2006 by gender

		Repayment time from leaving year		
		25th percentile	Median	75th percentile
1999 leaving cohort	Male	3.2	7.8	16.2
	Female	2.5	7.0	15.5
	All	2.8	7.5	15.7
2003 leaving cohort	Male	2.8	6.6	14.6
	Female	2.3	6.5	14.3
	All	2.5	6.6	14.4
2006 leaving cohort	Male	2.9	6.8	15.9
	Female	3.1	7.2	15.7
	All	3.0	7.0	15.8

Source: Ministry of Education, Student Loans Integrated Model.

Notes:

1. Repayment times are calculated in years.
2. Shaded area indicates the statistic is a projection. Other numbers are actual observations.

48 Percentiles divide a set of ordered data into hundredths. A percentile is a measurement of data below which a portion of data falls. For example, 25 percent of data falls below the 25th percentile; 75 percent of data falls below the 75th percentile. The median is the 50th percentile.

Level of study

For the 1999 and 2003 leaving cohorts, borrowers who took higher qualifications are expected to have shorter median repayment times, while in the 2006 cohort, the median repayment time for those who took a bachelors degree was higher than for those who studied for certificates and diplomas. This reflects the greater length of bachelors degrees (and consequently, higher borrowing). It is also significant that the forecast median repayment times for borrowers who studied at the certificate level have begun to fall – in the 1999 group, certificate-level borrowers had the highest median repayment time but among 2006 leavers the median for those who took certificates was the lowest. It is likely that this shift reflects the effects of the reviews of the quality and relevance of sub-degree provision that led to a refocusing of much lower-level provision and to a fall-off in enrolments at certificate level.

Table 16 Forecast repayment times for borrowers who left study in 1999, 2003 and 2006 by level of last study

	Study levels	Repayment time from leaving year		
		25th percentile	Median	75th percentile
1999 leaving cohort	Certificates	3.0	7.7	19.6
	Diplomas	2.7	7.3	14.4
	Bachelors	2.6	7.2	16.1
	Postgraduate	1.7	4.4	17.2
	All	2.8	7.5	15.7
2003 leaving cohort	Certificates	3.0	6.6	16.9
	Diplomas	2.5	6.8	13.1
	Bachelors	2.1	6.6	14.6
	Postgraduate	1.3	4.4	16.4
	All	2.5	6.6	14.4
2006 leaving cohort	Certificates	2.8	6.0	13.4
	Diplomas	2.9	7.0	15.5
	Bachelors	3.7	8.8	19.1
	Postgraduate	2.3	6.8	17.2
	All	3.0	7.0	15.8

Source: Ministry of Education, Student Loans Integrated Model.

Notes:

1. Repayment times are calculated in years.
2. Shaded area indicates the statistic is a projection. Other numbers are actual observations.

It is also interesting to note that, in all three leaving cohorts shown above, the 75th percentile among former bachelors and postgraduate students is high. This largely reflects the observation, made in chapter 3 of this report, that people who had studied higher-level qualifications, and especially bachelors graduates, are more likely to spend time overseas following study and this leads to longer repayment times.

Ethnicity

In all three leaving cohorts, borrowers of European ethnicity are forecast to have the shortest median repayment time, followed by Māori. Among the 1999 and 2003 leavers, Pasifika had the longest median repayment times but in the 2006 cohort the borrowers of Asian ethnicity had longer median repayment times.

Table 17 Forecast repayment times for borrowers who left study in 1999, 2003 and 2006 by ethnicity

	Ethnicities	Repayment time from leaving year		
		25th percentile	Median	75th percentile
1999 leaving cohort	European	2.4	5.9	13.0
	Māori	3.5	9.0	16.6
	Pasifika	5.5	11.0	22.8
	Asian	2.8	10.2	-
	Other	3.2	10.1	-
	All	2.8	7.5	15.7
2003 leaving cohort	European	1.9	5.6	12.7
	Māori	3.9	7.8	15.0
	Pasifika	4.9	9.1	18.2
	Asian	2.0	7.5	-
	Other	3.0	8.3	-
	All	2.5	6.6	14.4
2006 leaving cohort	European	2.7	6.5	13.8
	Māori	3.4	7.2	15.2
	Pasifika	3.8	7.9	17.6
	Asian	3.5	10.3	-
	Other	3.3	8.3	-
	All	3.0	7.0	15.8

Source: Ministry of Education, Student Loans Integrated Model.

Notes:

1. Repayment times are calculated in years.
2. Shaded area indicates the statistic is a projection. Other numbers are actual observations.
3. Dash indicates that the repayment projection falls beyond the parameters of the model used.

In part, the longer repayment times for Māori and Pasifika reflect the fact that many Māori and Pasifika study at lower qualification levels and, as noted above, this often leads to longer repayment times. If so, then the lower median repayment times for former certificate students in the 2006 leaving cohort would account for the fact that the margin between Europeans and Māori and Pasifika is much less in that cohort.

4.4 Forecast repayment times for borrowers who stay in New Zealand

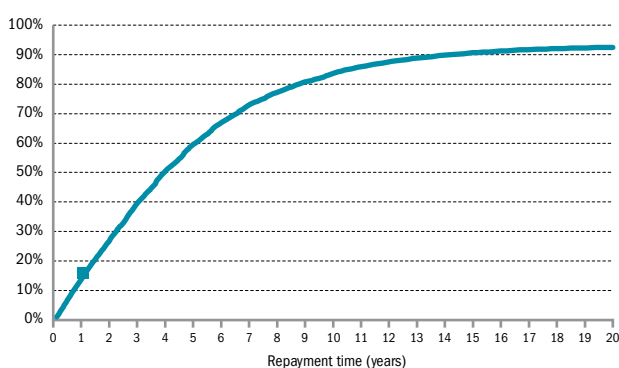
Those who stay in New Zealand throughout the period of their loans make faster repayment progress. This is because those in New Zealand find it easier to repay – mostly via deductions from their earnings. Inland Revenue can readily keep in contact with New Zealand-based borrowers. And New Zealand-based borrowers face no interest charges, so once they leave study their loans cannot increase as long as they don't incur penalties.

By contrast, overseas-based borrowers have interest added to their loans, face a more difficult repayment obligation that doesn't take account of their incomes and, in many cases, take a repayment holiday of up to three years. In addition, it is difficult for Inland Revenue to maintain contact with overseas-based borrowers so

there is a higher risk of an overseas borrower falling behind on payments and incurring penalties.

So one way to look at repayment times is to focus simply on those who remain in New Zealand. In this section, we look solely at the borrowers in the 2006 leaving cohort who do not go overseas in the projected years, or at least until after their loans are repaid. The forecast repayment time is shown in Figure 40 and Table 18 below.

Figure 40 Forecast repayment times for borrowers who left study in 2006 and remain New Zealand-based



Source: Ministry of Education, Student Loans Integrated Model.

Note: The solid dot represents the division between the actual repayment performance in the year 2007 and the forecast repayments in the year 2008 and beyond.

Table 18 Forecast median and quartile repayment times for borrowers who left study in 2006 by New Zealand-based or overseas-based

2006 leaving cohort	Repayment time from leaving year		
	25th percentile	Median	75th percentile
Projected NZ-based	1.8	3.9	7.5
Projected overseas-based	9.6	15.8	-
All	3.0	7.0	15.8

Source: Ministry of Education, Student Loans Integrated Model.

Notes:

1. Repayment times are calculated in years.
2. Dash indicates that the repayment projection falls beyond the parameters of the model used.

Of those borrowers in the 2006 leaving cohort not going overseas in projected years, half are expected to have repaid their loan within about four years of leaving. By contrast, the median for those modelled as going overseas in future years was about 16 years.

Characteristics

The tables below show the characteristics of overall repayment time for borrowers in the 2006 leaving cohort not going overseas in projected years.

Gender

Of those who remain based in New Zealand, females have longer median repayment times than males in the 2006 leaving cohort. This implies that one cause of the lower median overall repayment time among women is the greater propensity of men to travel overseas following study.

Table 19 Forecast repayment time for borrowers who left study in 2006 and remain New Zealand-based by gender

	Gender	Repayment time from leaving year		
		25th percentile	Median	75th percentile
2006 leaving cohort projected NZ-based	Male	1.7	3.7	7.0
	Female	1.9	4.1	7.7
	All	1.8	3.9	7.5

Source: Ministry of Education, Student Loans Integrated Model.

Note: Repayment times are calculated in years.

Level of study

The median repayment times for those who left study in 2006 and remain in New Zealand were longest for those who took bachelors degrees, while postgraduates had the shortest.

Table 20 Forecast repayment time for borrowers who left study in 2006 and remain New Zealand-based by level of study

	Study levels	Repayment time from leaving year		
		25th percentile	Median	75th percentile
2006 leaving cohort projected NZ-based	Certificates	2.0	3.9	7.1
	Diplomas	1.7	3.8	7.1
	Bachelors	1.7	4.3	8.2
	Postgraduate	1.0	2.8	6.6
	All	1.8	3.9	7.5

Source: Ministry of Education, Student Loans Integrated Model.

Note: Repayment times are calculated in years.

Ethnicities

Europeans in the 2006 cohort who remain in New Zealand have the shortest forecast median repayment time.

Table 21 Forecast repayment time for borrowers who left study in 2006 and remain New Zealand-based by ethnicity

	Ethnicities	Repayment time from leaving year		
		25th percentile	Median	75th percentile
2006 leaving cohort projected NZ-based	European	1.5	3.5	6.7
	Māori	2.3	4.5	8.1
	Pasifika	2.4	4.6	7.9
	Asian	1.9	4.5	10.9
	Other	1.6	3.8	7.5
	All	1.8	3.9	7.5

Source: Ministry of Education, Student Loans Integrated Model.

Note: Repayment times are calculated in years.