

# APPENDICES

# Appendix 1: Structure of the Tertiary Education Strategy 2007/12

## GOVERNMENT'S GOALS FOR NEW ZEALAND

Economic Transformation

Families – Young and Old

National Identity

Expected contribution of Tertiary Education	Success for all New Zealanders through lifelong learning	Creating and applying knowledge to drive innovation	Strong connections between tertiary education organisations and the communities they serve
	<ul style="list-style-type: none"> <li>Ensuring maximum educational opportunity for all New Zealanders</li> <li>Strong foundations in literacy, numeracy and language</li> <li>Successful transitions from school to tertiary education and work</li> <li>Building relevant skills and competencies for productivity and innovation</li> <li>Building skills and competencies for social and cultural development</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening research-led teaching</li> <li>Focusing resources for greatest effect</li> <li>Improving transfer and application of knowledge</li> </ul>	<ul style="list-style-type: none"> <li>Connections to improve quality and relevance of education and knowledge</li> <li>Connections to support economic transformation</li> <li>Connections to support social and cultural outcomes</li> </ul>

Areas for Focus

Distinctive Contributions

Ensure each tertiary education organisation contributes according to its strengths. Expectations and priorities 'interpreted' through distinctive contributions.

Priority Outcomes for Tertiary Education:

- Increasing educational success for young New Zealanders – more achieving qualifications at level 4 and above by age 25
- Increasing literacy and numeracy levels for the workforce
- Increasing the achievement of advanced trade, technical and professional qualifications to meet regional and national industry needs
- Improving research connections and linkages to create economic opportunities

Strategy achieved through:

- Support for students
- New approach to planning, funding, quality assurance and monitoring for tertiary education organisations
- Informed contribution of stakeholders, employers and communities

## Appendix 2: Elements of the Student Loan Scheme

### The legal structure and authority of the Student Loan Scheme

Students enter into a credit contract with the Crown under the Credit Contracts and Consumer Finance Act 2003.

All policy decisions on entitlements and eligibility criteria for a student loan are made by Cabinet and incorporated in the student loan contract. Lending under the Student Loan Scheme is administered by StudyLink.

The assessment of student loan repayment obligations and the collection of student loan repayments are set out in the Student Loan Scheme Act 1992 and are administered by Inland Revenue.

### Eligibility

Only qualifications funded by the government can be approved for the purposes of a student loan – people who choose to do other courses are not eligible for a student loan.

Students younger than 18 years old need parental consent before they can borrow.

Undischarged bankrupts are not eligible to apply for a student loan. An insolvent debtor status, the 'no asset procedure', was put in place by the Insolvency Act 2006 as an alternative to bankruptcy. This procedure lasts for 12 months instead of the normal three-year term for bankruptcy. 'No asset procedure' debtors are able to access the loan scheme.<sup>51</sup>

When a student has entered into the 'no asset procedure', they must declare it on their loan application or complete a change of circumstances form if they are currently receiving a student loan. Failure to declare is both a breach of the loan contract and an offence under the Insolvency Act 2006.

To be eligible a student must:

- be a New Zealand citizen or have been granted permanent residence in New Zealand, and
- be enrolled in an approved qualification<sup>52</sup> offered by a recognised tertiary education provider, and
- be studying:
  - full-time for not less than 12 weeks, or
  - 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 0.25 equivalent full-time student units or more.

### Loan components

A student loan has four components:

#### Compulsory fees

Students can borrow the full amount of their compulsory fees. These are direct-credited to the borrower's chosen tertiary education provider.

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

#### 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. Students have to provide documents justifying their expenses. This can be either a statement from their provider listing the items needed for their course and an estimate of the cost, or receipts for expenditure incurred. Students studying part-time for part of the year are not able to access this component of the loan scheme.

#### Living costs

Only full-time students are eligible for the living costs entitlement of up to \$150 per week<sup>53</sup> for each week of the course, less any student allowances.<sup>54</sup> The living costs entitlement is paid 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, the remainder cannot be claimed retrospectively at a later date.

#### Administration fee

When 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). The administration fee is charged only once in each 12-month period.

If a student cancels the loan within seven days of the 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.

51 'No asset procedure' debtors' loans cannot be written off as the loans of bankrupts are.

52 Only qualifications that receive student component funding (or other government funding) can be recognised for student loan and student allowances purposes by the Tertiary Education Commission.

53 This component will be indexed to inflation from 1 April 2009, following a one-off increase from \$150 per week to \$155 per week from 1 January 2009.

54 Information on student allowances is available on the StudyLink website [www.studylink.govt.nz](http://www.studylink.govt.nz).

## Loan repayments

The collection of loan repayments is handled through the taxation system. Borrowers have different obligations depending on whether they are New Zealand-based borrowers or overseas-based borrowers.

### New Zealand-based borrowers

The amount a New Zealand-based borrower is required to repay is based on income. Any borrower earning over the repayment threshold during a tax year is required to make repayments towards the loan. In the tax year from April 2007 to March 2008, the threshold was \$17,784. Compulsory repayments are made at the rate of 10 cents for every dollar of income over the repayment threshold.

Where a borrower earns more than the repayment threshold (through salary, wages, student allowances, or income support), they are required to advise their employer(s) 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 (pay as you earn) deductions. Employers forward the repayment deductions to Inland Revenue, and they are then credited to borrowers' student loan accounts.

### Self-employed borrowers

Self-employed borrowers earning income in excess of 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.

### Overseas-based borrowers

Overseas borrowers have a different repayment obligation from those based in New Zealand, where repayment obligations are based on income. The repayment obligations are calculated as shown in Table 28.

**Table 28** Overseas borrowers' repayment obligation from 1 April 2007

Loan balance	Amount due per year
Under \$1,000	The whole loan balance
Over \$1,000 and up to \$15,000	\$1,000
Over \$15,000 and up to \$30,000	\$2,000
Over \$30,000	\$3,000

Source: Inland Revenue.

From 1 April 2007, some overseas-based borrowers are able to take a repayment holiday for three years. Borrowers do not have to make repayments, although their loans will still attract interest. Those entitled to the repayment holiday include those who went overseas after 1 April 2007 and those who were already overseas and had either kept up to date with their repayments or had been overseas for less than a year.

### Voluntary repayments

By making voluntary repayments towards their student loan, borrowers can repay their loan faster. Borrowers are able to make voluntary repayments towards their student loan at any time; they don't have to wait until the end of the tax year.

Voluntary repayments can be made in a number of ways, including through a borrower's salary or wages, by automatic payment or online.

Borrowers who are overseas can also make voluntary repayments at any time. For these borrowers, making voluntary repayments may reduce the amount of interest they are charged and enable them to repay their loan faster. Repayments from overseas can be made by telegraphic transfer, MasterCard or Visa.

### Overdue repayments

Collection of overdue loan repayments is achieved in the same way as for overdue taxes.

Interest is not charged on overdue repayments. However, from 1 April 2007, borrowers are charged a penalty of 1.5 percent (previously 2 percent) per month on outstanding amounts greater than \$333 (previously \$250). Penalties continue to be charged on the total outstanding (including penalties) until the amount is repaid in full.

Any borrower having difficulty repaying an overdue student loan debt is able to negotiate an arrangement for repayment. A borrower may also negotiate a lower repayment amount if the compulsory repayment obligation would cause serious financial hardship. In certain circumstances, a borrower may have an overdue amount added back to the loan principal.

### Interest

Most borrowers no longer pay interest on student loans because they are New Zealand-based. To be eligible, student loan borrowers must be living in New Zealand for 183 consecutive days or more, or qualify for an exemption from being overseas-based borrowers.<sup>55</sup> In the tax year from April 2006 to March 2007 the interest was written off after the end of the tax year. After 1 April 2007, the interest write-off has been concurrent with the interest charge.

Those borrowers who do not qualify for an interest-free student loan – defined as 'overseas-based borrowers' – will continue to be charged interest at the rate set each year. Borrowers who have returned to New Zealand after being classified as overseas-based, have interest charged for the first 183 days without the concurrent write-off. However, once 183 days have passed, the interest charged from the date they returned is written off and the daily concurrent interest write-off takes over.

Interest is made up of the base interest rate and an interest adjustment rate, which is sometimes called the inflation component. The total interest rate for the tax year from April 2007 to March 2008 was 6.8 percent. This was reduced to 6.7 percent for the tax year from April 2008 to March 2009.

### Small balance write-offs

Small balance write-offs<sup>56</sup> occur where a borrower has repaid most of the loan and only a minor balance (a few dollars and/or cents) is outstanding. These amounts are written off in accordance with sections 51 and 60 of the Student Loan Scheme Act 1992.

<sup>55</sup> Some borrowers may qualify for exemption from interest charges if they are overseas and, for example, they are studying or working as a volunteer. Full details are available at [www.ird.govt.nz/studentloans/](http://www.ird.govt.nz/studentloans/).

<sup>56</sup> If a borrower has a loan balance of less than \$10 as at the last day of any income year, the loan balance is written off.

## Appendix 3: Forecasting and costing

A stochastic model is used to forecast the value of the loan scheme and to cost policy options. The model starts with actual data and projects future trends in student loans, utilising the past behaviour of borrowers to model future events.

### Student Loans Integrated Model (SLIM)

SLIM is built on the integrated dataset on student loans and allowances, so it draws on data about the actual behaviour of individual borrowers (including former loan borrowers). Actuaries engaged by the Ministry of Education have rebuilt the model each year, using the most up-to-date information. The experience of past borrowers forms the core of the model, and is used to predict what present and future borrowers will do in the future.

However, the loan scheme is in a far from steady state; policy changes such as the interest-free policy and a revised overseas repayment regime have affected borrowing and repayment behaviour and the full effects of those changes are not necessarily fully reflected in the data on which the model is built.

The administrative data upon which SLIM 2008 was built runs from the beginning of the loan scheme in 1992 to the end of March 2007, that is, after the first full year of the interest-free policy and immediately prior to the implementation of a new classification of overseas-based borrowers. Between that date and the valuation date there is a 'lag' of 15 months. To allow for changes during that period the data-based models are adjusted by the most recent administrative data, in particular, data related to the levels of voluntary repayments and the number of borrowers classified as overseas.

SLIM benefits from a longitudinal dataset that becomes increasingly rich as further years of data are integrated each year. It gives agencies, researchers and the public a clearer understanding of the loan scheme's probable future status and outcomes. It enables more accurate assessments, for example, the likely effects of the loan scheme or of policy changes on different groups, such as ethnic groups or gender, and the borrowing and repayment behaviour of borrowers in different fields or levels of study.

SLIM is based on a large number of categorical regression tree models developed from the integrated dataset. The 2008 version of SLIM has 44 sub-models comprising 27,000 lines of decision-tree code. Together, these sub-models encapsulate former borrowers' borrowing, repaying, income growth, travelling overseas and other characteristics. A number of borrower features, including residency, income, study duration, borrowing amounts and voluntary repayments, are modelled and projected into the future.

Each sub-model uses a number of predictive variables (for example, study-related fields such as the level of study undertaken and the completion status, or demographic fields such as age and gender, or loan-related data such as the loan balance, penalties, amount borrowed and so on). SLIM works out the probabilities that an individual is going to be enrolled or not enrolled, earning or not earning, or overseas. It then proceeds to model the income of the individual and their repayment obligations. From there the expected repayments in each year for each individual are calculated.

Table 29 Summary of SLIM model assumptions

Area	Assumption
Enrolment and student loan uptake assumptions	As forecast for the <i>Budget Economic and Fiscal Update 2008</i> , using the most up-to-date enrolment and borrowing data available at that time.
Economic assumptions	For valuation purposes, economic assumptions are set by the consulting actuaries in consultation with The Treasury, Inland Revenue, the Ministry of Social Development and the Ministry of Education. For example, annual CPI growth is assumed to be 4.0 percent in 2008 reducing to 2.5 percent from 2011 onwards, and the long-term Average Weekly Earnings growth is 4.0 percent in 2008 and 3.5 percent from 2012 onwards.
Discount rates	The carrying value of student loans is based on discount rates that are set for each cohort of new borrowers at the time they first borrow, as explained in chapter 6.  The fair value is based on discount rates that incorporate risk-free rates, derived for each year from the government bond market, plus a risk margin. These are equivalent to a single annual discount rate, which for this year's valuation is estimated to be 9.19 percent.
Income of borrowers	Personal income growth from 'career advancement' is modelled from the experience of the loan scheme and from Census data for longer durations. Salary inflation is imposed on top of this 'career advancement' analysis as an economic assumption.
Transitions between being a student, employment and overseas	Modelled from the experience of the loan scheme's participants.
Voluntary repayments	The probability and amount of voluntary repayments are modelled from the integrated data relating to the first year following the introduction of the interest-free policy. It is assumed that the pattern from that year is representative of future years.
Threshold increases	Assumed to follow CPI growth.
Resident under-payments	The probability and amount of under-payment by residents has been modelled from the last year of integrated data and adjusted for the expected effect of new measures being put in place by Inland Revenue to improve compliance.
Repayment holiday	Based on the experience of the loan scheme, 46 percent of those currently overseas take advantage of the overseas repayment holiday plus all those going overseas in future.
Overseas amnesty	Based on the experience of the loan scheme, 30 percent of those overseas at 31 March 2006 and who have arrears apply for the amnesty.
Bankruptcy	Based on the experience of the loan scheme, age-specific, graduated rates were constructed. For example, the rate of bankruptcy at age 40 is 2.28 per 1,000 borrowers each year.
Mortality	Based on the experience of the loan scheme: males 57 percent and females 68 percent of the New Zealand Life Tables 2000-2002.

Source: Ministry of Education.

## Appendix 4: Estimated administration cost

The cost of administering the loan scheme varies from year to year, depending on the number of borrowers, the number of transactions, and any system changes required to implement new policies. Borrowers contribute to the cost of administering the loan scheme through an administration fee which is charged to the borrower's account when it is first used.

Table 30 shows the estimated costs of the payment and collection agencies, the Ministry of Social Development and Inland Revenue respectively, and the total cost of operating the scheme after deduction of administration fees.

Table 30 Estimated administration cost 2002/03-2007/08

	2002/03 \$ million	2003/04 \$ million	2004/05 \$ million	2005/06 \$ million	2006/07 \$ million	2007/08 \$ million
Ministry of Social Development	12.5	11.4	11.8	13.3	17.5	17.0
Inland Revenue	8.9	9.2	9.6	18.3	22.7	26.4
<b>Gross administration cost</b>	<b>21.4</b>	<b>20.6</b>	<b>21.4</b>	<b>31.6</b>	<b>40.2</b>	<b>43.4</b>
Less loan administration fees	7.6	7.8	7.5	8.0	8.7	8.6
<b>Net administration cost</b>	<b>13.8</b>	<b>12.8</b>	<b>13.9</b>	<b>23.6</b>	<b>31.5</b>	<b>34.8</b>

Source: Ministry of Social Development and Inland Revenue.

Notes:

1. All amounts exclude GST.
2. All figures are cost estimates.

## Appendix 5: Glossary

### Academic year

The academic year is from 1 January to 31 December.

### Approved qualification

A formally assessed qualification approved by the New Zealand Vice-Chancellors' Committee or the New Zealand Qualifications Authority (NZQA) or bodies delegated by NZQA.

### Base interest rate

This is the difference between the interest adjustment rate and the total interest rate. The base interest rate was 4.1 percent from 1 April 2007, and 3.8 percent from 1 April 2006.

### Base interest reduction

The amount by which a borrower's base interest was reduced and capped at 50 percent of their annual minimum repayment obligation. This means that at least 50 percent of any payments were credited against the interest adjustment (inflation) component of the loan and the loan principal.

### Borrower

Any person who has received a student loan and has an outstanding loan balance.

### Borrowers overseas

Until 31 March 2007, a borrower living overseas was called a non-resident borrower and defined as a borrower not living in New Zealand in terms of section OE 1 of the Income Tax Act 1994.

From 1 April 2007, borrowers living overseas are referred to as overseas-based borrowers. An 'overseas-based borrower' now includes anyone not eligible for an interest-free student loan.

### Cohort

A group of people with a common statistical factor. For example, a cohort could be a group of students for whom 2007 is their first year of tertiary education.

### Compulsory fees or tuition fees

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

### Compulsory repayments

Compulsory repayments are when a borrower has to start repaying his/her loan because his/her income has crossed the repayment threshold. When this happens, loan repayments must be made to Inland Revenue, even if the borrower is still studying. The repayments are 10 cents in every dollar earned over the repayment threshold.

### Course (also called a paper, module or unit standard)

A component of education. 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.

### Equivalent full-time student

'Equivalent full-time student' is a measure used to count tertiary student numbers. A student taking a normal year's full-time study generates one 'equivalent full-time student' unit. Part-time or part-year students are fractions of a unit.

## Fair value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

## Fee and course costs maxima policy (FCCM)

This policy replaced the fee stabilisation policy from 2004. There are three dimensions to this policy: an increase in subsidy rates, an annual fee movement limit, and a set of maximum fee levels. The policy rationale was to provide certainty for students as to future costs, while allowing providers some flexibility in setting their fees.

## Fee stabilisation policy

The fee stabilisation policy was introduced in 2001 to prevent increases in tuition fees before the FCCM policy was developed. The policy involved institutions agreeing not to increase their fees and the government increasing tuition fee subsidies.

## Fiscal year

Government's accounting year – starting on 1 July and ending on 30 June.

## Formal education/study

Learning opportunities within the New Zealand tertiary education system can be categorised as formal (that is, contributing towards a recognised qualification) and non-formal (that is, not contributing towards a recognised qualification).

## Full interest write-off

In 2000, full interest write-offs were introduced for all full-time students and for part-time students on low incomes. This means they have the interest on their loan written off automatically. Low-income people have had some interest write-offs since the loan scheme began. From 1 April 2007, full interest write-offs ceased to exist due to the introduction of interest-free student loans.

## Full-time

Any programme of study undertaken by a student that is either:

- 32 weeks or more and at least 0.8 equivalent full-time student units is designated full-time, full-year, or
- 12 weeks or more and at least 0.3 equivalent full-time student units or the equivalent on a pro rata basis (for example, 24 weeks and 0.6 equivalent full-time student units, is designated full-time, part-year).

This definition is used to determine eligibility for the living costs component of the student loan and for student allowances. It was used in applying the student loan full interest write-off for full-time students, which has now been replaced by a full interest write-off for New Zealand-resident borrowers (interest-free student loans).

## Impairment

A decrease in the value of a long-term asset to an amount less than that shown.

## Income year or tax year

From 1 April to 31 March.

## Industry training organisations (ITOs)

These are organisations that develop high-quality, systematic training arrangements (through tertiary institutions, private training establishments and the workplace) for employees in their industry.

## Institutes of technology

'Institutes of technology' is an alternative name for polytechnics. Institutes of technology and polytechnics are public tertiary education institutions characterised by diverse vocational and professional programmes.

## Integrated dataset

The integrated dataset on student loans and allowances is managed by Statistics New Zealand. It combines:

- information collected by tertiary education providers on students, enrolments and courses
- information collected by StudyLink on students' borrowings under the loan scheme and student allowances payments
- data on student loan balances, repayments, income and tax status from Inland Revenue.

## Interest adjustment rate

The interest adjustment rate and the base interest rate make up the total interest rate. The interest adjustment rate is based on the movement of the CPI, or the cost of living. It can move up or down depending on inflation. The interest adjustment rate was 3.1 percent for 2006/07 and is 2.7 percent for 2007/08.

## Interest-free student loans

From 1 April 2006, student loans for borrowers living in New Zealand for 183 consecutive days or more (about six months), and for borrowers who are exempt, are interest free. This is the 183-day requirement.

## Interest rate setting

This is the annual process by which the Order in Council sets the loan scheme's interest rate.

## Interest write-offs

The loan scheme has had a number of provisions under which interest that has been accrued is written off or cancelled. From 1 April 2007, interest write-offs ceased to exist due to the introduction of interest-free student loans. Refer also to: base interest reduction, full interest write-off, and interest-free student loans.

## New borrowers

Borrowers who entered the loan scheme for the first time in 2007. A small number of new borrowers may have borrowed during the 1990s.

## New Zealand-based borrowers

All borrowers who qualify for an interest-free student loan.

## Non-degree

Non-degree level applies to programmes of study and qualifications that are not at degree or postgraduate level.

## Non-resident borrower

A borrower who is not living in New Zealand in terms of section OE 1 of the Income Tax Act 1994. From 1 April 2007, this definition has been replaced by 'overseas-based borrowers'. Overseas-based borrowers are all borrowers who are not eligible for an interest-free student loan.

## Other tertiary education providers (OTEPs)

Providers recognised by the Minister of Education under section 321 of the Education Act 1989 as bodies that provide an educational or developmental service or facility.

## Overseas-based borrowers

All borrowers who are not eligible for an interest-free student loan.

## Part-time

A programme of study that is less than 0.8 equivalent full-time student units over 32 weeks or the equivalent on a pro rata basis.

## Pasifika

This is a collective term for people of Samoan, Cook Islands, Tongan, Niuean, Tokelauan, Fijian and other Pasifika or mixed heritages. It includes a variety of combinations of ethnicities, recent migrants and third, fourth and fifth generation New Zealanders.

## Private training establishments (PTEs)

These are private providers of tertiary education registered with the New Zealand Qualifications Authority.

## Programme of study

A programme of study is a collection of courses, classes or work that lead to a qualification.

## Qualification

An official award given in recognition of the successful completion of a programme of study that 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. From 1 April 2007, the amount of repayment for overseas-based borrowers is based on the size of their loan.

## Repayment threshold

The amount a person can earn in a year before they have to start paying back their loan (\$17,784 before tax from 1 April 2007 to 31 March 2008 and \$18,148 for 2008/09). Once a person earns more than the threshold, they will have to pay 10 cents for every dollar earned over the threshold.

## Resident borrower

Until 31 March 2007, this referred to a person who is resident in New Zealand in terms of section OE 1 of the Income Tax Act 1994. From 1 April 2007, we refer to New Zealand-based borrowers – this term includes all borrowers who qualify for an interest-free student loan.

## Student allowances

Income-tested grants that provide assistance to 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

Any person who has received a student loan that they have not fully repaid.

## Student Loans Integrated Model (SLIM)

See chapter 5 and appendix 3 for more information.

## Study status

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

## StudyLink

StudyLink is responsible for the delivery and administration of student loan payments, student allowances, Step Up Scholarships and the unemployment benefit (student hardship). StudyLink is part of the Ministry of Social Development.

## Tax year

From 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, institutes of technology and polytechnics, and wānanga. On 1 January 2007, the last two remaining colleges of education merged with their local universities.

### **Tertiary education organisations (TEOs)**

These are all institutions and organisations that provide or facilitate tertiary education. They include tertiary education providers and industry training organisations.

### **Tertiary education providers (TEPs)**

Tertiary education providers are all the institutions and organisations that provide tertiary education. These include public tertiary education institutions, private training establishments, other tertiary education providers and government training establishments.

### **Tertiary Education Strategy (TES)**

The Tertiary Education Strategy sets the government's goals and priorities for New Zealand's tertiary education system so that it contributes to New Zealand's national goals and is closely connected to enterprise and local communities.

### **Total interest rate**

This is the interest charged on loans. It is made up of the base interest rate and the interest adjustment rate and is adjusted annually from 1 April. The total interest rate was 6.9 percent for 2006/07, 6.8 percent for 2007/08 and is 6.7 percent for 2008/09. From 1 April 2006, only overseas-based borrowers are liable for interest.

### **Tuition fees or compulsory fees**

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

### **Voluntary repayments**

Any student loan repayment that is made over and above a borrower's compulsory annual repayment obligation and is not an overpayment.

### **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).