

# Student loans among Māori students

## Introduction

The Student Loan Scheme allows people wanting to study to borrow for the cost of tuition. Introduced in 1992, it is a way of reducing barriers to participation resulting from tuition fees. Loans are repaid through a higher tax rate following study, with those earning under \$16,172 not being required to make repayments.

Data in this fact sheet is drawn from the integrated dataset managed by Statistics NZ. Ethnicity data is only available in relation to borrowers who borrowed in 1997 or after.

## Māori student loan balances

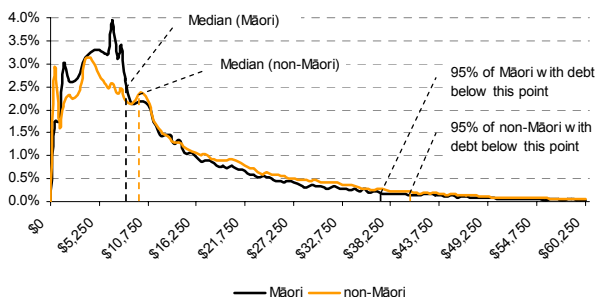
In 2003, Māori made up 21 percent of borrowers who had last studied from 1997 to 2002. Māori held 19 percent of the total student debt owed by this group.

### Student loan debt as at 31 March 2003

For those who last studied	Māori		Non-Māori		All	
	No.	Debt (m)	No.	Debt (m)	No.	Debt (m)
before 1997					53,877	\$490
1997-2002	69,606	\$883	268,647	\$3,887	338,253	\$4,770
All					392,130	\$5,260

In general, loan balances of Māori are lower than those of non-Māori. Māori borrowers are more likely to have balances below \$10,000.

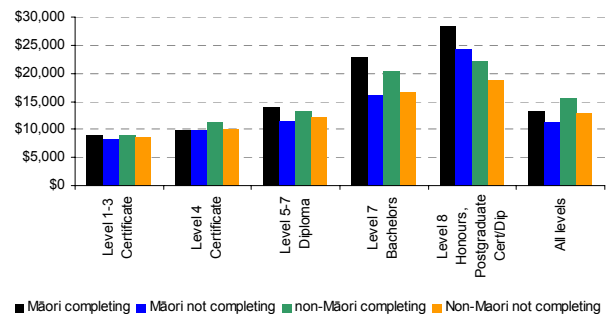
### Distribution of loan balances (as at 2003) for people with a student loan who have studied since 1997



## Loan balances by qualification level

On average, the Māori students have a lower loan balance when they leave study than non-Māori. However, much of this difference is due to the larger proportion of Māori studying at certificate level.

### Average leaving balance for students leaving study in 2001



Māori have lower average leaving balances than non-Māori at certificate level and a similar level at diploma level. Māori who complete bachelors or postgraduate qualifications have notably higher average leaving loan balances than non-Māori. This may reflect a combination of longer completion times and fewer personal and family resources available to cover fees.

## Repaying loans

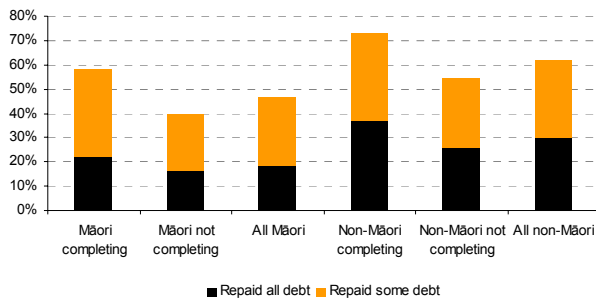
Five years after study, Māori students are less likely to have made progress towards repayment of their student loans than non-Māori students.

Of those who last studied in 1997, 18 percent of Māori students had fully repaid their loans and a further 28 percent had repaid some of their loans by 2003. This compares with 30 percent and 32 percent respectively for non-Māori students.

For both Māori and non-Māori, those who had completed a qualification were more likely to have repaid all or some their loan after five years. However, of the two groups, Māori were less likely to have repaid some or all of their loan.

## Student loans among Māori students

### Percentage of students who last studied in 1997 who had repaid some or all their debt by 31 March 2003

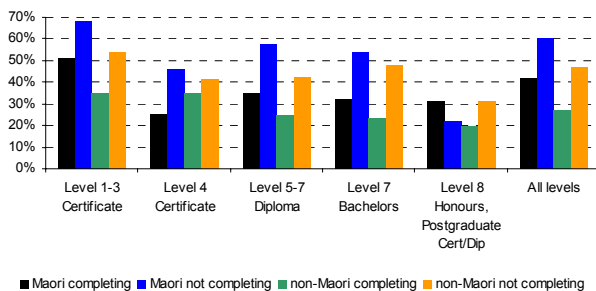


### Repaying loans by qualification level

Repayment by qualification level shows a somewhat different picture. This section looks at the proportion of students who have made no progress with repayment five years after leaving study.

Māori who completed a level 1-3 certificate are much less likely to have made progress to repayment after five years than Māori completing qualifications at higher levels. At all levels, except level 4 certificates, Māori with completed qualifications are less likely to have made progress to repayment than non-Māori with completed qualifications.

### Proportion of students who last studied in 1997 who had made no progress with debt repayment by 31 March 2003



Nearly 70 percent of Māori who studied for a level 1-3 certificate without completing, and over 50 percent of Māori studying at diploma and bachelors levels without completing, had made no progress in repayment five years later.

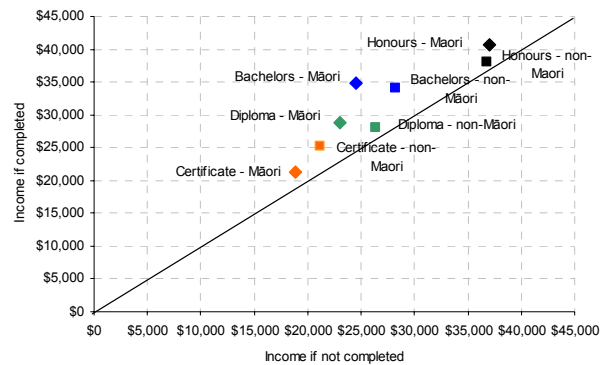
### Income following study

One reason for making little or no progress with repayment is low income, particularly having income around the student loan repayment threshold.

The high level of non-repayment among Māori who studied for level 1-3 certificates, reflects the notably lower earning of these students. Average incomes for this group are just above the repayment threshold.

Furthermore, the average income for Māori with level 1-3 certificates is notably lower than for non-Māori with the same level of qualification.

### Average annual incomes of students in 2002 who last studied and borrowed in 1999



This graph compares the average incomes of people with a completed qualification with the average incomes of people with an uncompleted qualification. The height of the point above the diagonal line, represents the additional income gained by completing a qualification.

Māori who completed a diploma or bachelors degree have similar levels of income to non-Māori who completed at the same level. However, Māori who did not complete have notably lower incomes than non-Māori who studied at the same level without completing. This may, in part, explain the lower rates of progress in debt repayment for Māori who did not complete diplomas or bachelors degrees.

Incomes of all students who last studied at postgraduate level are notably higher than those of students finishing at lower levels. This explains the high proportion of these students who make progress with debt repayment, in spite of the fact that they leave with the highest student loans.