

**Submission to the Education and Science Committee on the Student Loan Scheme  
(Exemptions and Miscellaneous Provisions) Amendment Bill**

The National Council of Women of New Zealand (NCWNZ) is an umbrella organisation representing 50 nationally organised societies and national members. It has 26 branches throughout the country attended by representatives of those societies and some 150 other societies as well as individual members. The Council's function is to serve women, the family and the community at local, national and international levels through research, study, discussion and action.

NCWNZ members support many of the changes set out in this Bill: extending the interest write-off option to borrowers who are outside New Zealand but present in Pacific Islands that are New Zealand protectorates, or doing voluntary work in countries that are on the OECD list for development assistance, or on formal student exchange programmes.

NCWNZ members welcome in particular Clauses 19 and 20, in which the Bill extends the time the Commissioner may grant hardship relief to any tax year prior to the current year, and the Commissioner may refund any payments made.

However, the Bill also makes provision in Clause 7 for the Commissioner to increase the standard deduction from 10% to 15% if a borrower fails to make full statutory payment. There is serious concern among members that this section will unjustly penalise women on lower incomes.

Women's incomes are 12% lower than their male counterparts. More women are employed in casual and insecure work vulnerable to the recession, which is likely to affect their ability to make statutory payments on student loans.

There is concern among members that no connection is made in this Bill between the increased provision for hardship applications and the increased provision for penalty deductions. Anecdotal evidence suggests that people who fall behind on debt repayments tend to seek help far too late, often out of ignorance of their options and rights as borrowers.

NCWNZ members would like to see included in this Bill a clause that sets out clearly the requirements for informing borrowers of their right to make hardship applications. Responding members called for such information to be included at the outset of borrowing in clear language, and to continue throughout the term of the loan, on regular statements of account that borrowers may receive. Information should also be given to a borrower who falls behind in payments. Some members called for signage at universities, information in University Information Packs and in student tax packs as well.

Some members did not support any penalty deductions, as most payments are already taken from wages and a penalty could create hardship especially for women. Other respondents felt that such a penalty should only be applied to those who can clearly afford to make the statutory payments and have neglected to do so, as may occur in the case of self employed persons. The Bill as worded makes no such distinction, and members felt that any borrower should be informed of the right to make a hardship application before the penalty is applied.

One respondent representing an NCWNZ member organization urged a questioning of the Student Loan Scheme's legitimacy, rather than responding to continual tinkering of the Scheme. It was pointed out that according to two University Vice-Chancellors, \$250 million would suffice to fully fund New Zealand's tertiary sector for a year, a sum that is equivalent to Treasury Bills traded weekly on the money markets. With a fully funded tertiary sector, the entire Student Loan Scheme, so discriminatory to women, could be scrapped.

At the very least, NCWNZ members strongly recommend that no changes are made to the Student Loan Scheme that could in any way further disadvantage women and their families.

Elizabeth Bang  
**NCWNZ National President**

Katherine Ransom  
**Convener Economics Standing Committee**