



NEW ZEALAND

Affiliated with the International Federation of Business & Professional Women

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26th September 2009

SUBMISSION

Re: Student Loan Scheme (Exemptions and Miscellaneous Provisions) Amendment Bill

Introduction

1. This submission is from the New Zealand Federation of Business and Professional Women Inc.

Our organisation

2. Our organisation's aims are to link professional and businesswomen throughout the world, to provide support, to lobby for change and to promote the ongoing advancement of women. We work for equal opportunities and status for all women in economic, civil and political life and the removal of discrimination in all countries. We promote our aims and organise our operating structure without distinction as to race, language or religion.

Our membership is approximately 750.

Our structure is comprised of a National Executive, 30 branches located nationwide between Kaitaia and Southland, with a number of individual members in areas where there is no branch. We are a non political organisation.

Our interest in this bill is because we are a women's group who are committed to ensure equality for all working women through advocacy, education and mentoring.

We submit our views on amendments to the Student Loan Scheme (Exemptions and Miscellaneous Provisions) Amendment Bill as we have policy that was passed in 2005 urging the Government to review the inequity between males and females in their ability to pay back student loans; refer below

- 12.15.3 *URGE the government to provide an equitable repayment system for student loan debt, to address inequality experienced by female tertiary students who ultimately pay significantly more for their education.* (2005)

Rationale:

- *The impact of student loans on women is significant. Women take twice as long as men on average to repay their student loans. The NZ University Student's Association (NZUSA) currently has a claim before the Human Rights Commission based on the unfairness of current policies which see women pay nearly twenty percent more for a bachelor's degree due to increased interest charges. If women had an incentive to reduce their debt significantly, they would be inclined to stay in NZ or be enticed back after some overseas experience.*
- *There have been no policy initiatives to relieve women of the unequal debt burden created by the Student Loan Scheme. The scheme discriminates against women because of the gender pay gap and the traditional work break for child bearing. The longer repayment period results in women students paying considerably more interest on their loan. The NZ Students Association was quoted in the Herald on 3.9.02 as saying that it takes a man 14 years to pay off a loan for a bachelor degree yet a woman takes 28 years to pay for the same degree.*
- *New Zealand is party to the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW). Article 2(f) requires parties to take all appropriate measures, including legislation, to modify or abolish existing laws, regulations, customs and practices which constitute discrimination against women.*

BPW NZ supports the changes to the Act.

The following are opinions on the changes made to the Act.

1 - Hardship relief.

BPW NZ support the changes made to the bill on hardship relief. NZ BPW would like to see more definition in the area of what the rules are for hardship relief, specifically where they pertain to women.

When a student applies for a loan there should be clear direction on all aspects of how, when and what conditions apply (including the ability to apply for hardship relief) to the repayment of the loan.

BPW NZ want to see that it is easy for students to realise that they are eligible for hardship relief without having to read through the whole act to find the relevant clauses.

We see that female students in particular could be at a disadvantage and would like to see the act state that "husbands/partners/wives income will not be taken into account" when assessing the ability of a student to pay back the loan and assessing the hardship aspect.

2 - Increase of Standard deduction

BPW NZ believes this should be monitored closely, as it is not always the borrowers failure to have the correct amount deducted. The employers organise the deductions from the pay packet and the borrower should not be penalised if the employer has made a mistake in setting this up. There should be a period of negotiation before increasing the deductions, so that the borrower can organise her/his finances to compensate for the increased deduction.

It should be made clear when a student takes out the loan that this provision is part of what they are agreeing to.

BPW NZ is disappointed that there is nothing to help women specifically in these proposals. The tables below are sourced from the MOWA research.

Average income one year post study \$ (year of leaving)

	2000	2001	2002	2003	2004	2005
Male	24430	24440	25230	26600	27860	28020
Female	22870	23350	23700	24960	25670	25830
% difference	6	4	6	6	8	8

Average income five years post study (year of leaving)						
	1997	1998	1999	2000	2001	
Male	34120	35570	36170	37650	37130	
Female	29010	30200	30880	31150	31750	
% difference	15	15	15	17	14	

Generally women are disadvantaged when entering employment and statistics are clear, refer tables above, that by the end of the first year in employment women are seriously behind their male counterparts by 8% and after five years by 14%.

Because women take longer to pay off their loan due to the lower pay rates they are generally paid, they endure a longer period of hardship and therefore accumulate a lot more interest over the total payback period which in turn, prolongs the payback period.

Thank you for the opportunity to have our say and we hope that our comments are of use to you in implementing the review.

Yours Sincerely

Noeline Reisch
 Legislation Convenor
 BPW NZ