

EDUCATION, SCIENCE AND TRAINING

SENATE LEGISLATION COMMITTEE - QUESTIONS ON NOTICE 2003-2004 BUDGET ESTIMATES HEARING

Outcome: 2

Output Group: 2.5 – Assistance for post school students including those with special needs

DEST Question No. E075_04

Senator Carr asked on 5 June 2003

Question:

- a) What underlies the decision to apply the 3.5% real interest rate for a fixed period of ten years, before reverting to CPI indexation?
- b) Why ten years?

Answer:

Ten-year period for real interest rate

- a) This has been provided in the answer to E073_04.
- b) Applying the interest rate for ten years helps to offset the cost to the taxpayer of Government borrowing over the lifetime of the loan, while offering an incentive for students to repay their debt early.