

NOT FOR PUBLICATION OR BROADCAST BEFORE 7.10 P.M., MONDAY, SEPT.7.

BROADCAST BY THE PRIME MINISTER AND ACTING TREASURER, THE RT. HON. R.G. MENZIES, C.H., Q.C., M.P., ON MONDAY, 7TH SEPTEMBER, 1959.

P.M.No.32/1959

COMMONWEALTH LOAN

Tomorrow a new Commonwealth loan opens. It is the first loan this financial year. We hope that when the loan closes on 23rd September, we will have obtained £50m. or more towards the borrowing programme of £220m. approved by the Australian Loan Council for 1959/60, and that we will have secured conversions of a large amount of the £195m. of maturing securities.

The success of a Commonwealth loan is of absolutely first-class importance to you. I would like to see this fact more widely understood. "Oh!" you may say, "I hold no Government bonds, and, as for buying any this time, well, I can leave that to rich people!" To say this would be wrong. Everybody who pays a tax, whether it is on his income or on a packet of cigarettes, has an interest in the success of our loans; for if they don't succeed, more money for public works will have to come out of revenue - which means out of taxes.

Everybody who wants to see more school buildings, more housing, better roads, greater water supply, and the like, has a lively interest in the success of our loans, which represent the investment of some of our savings in the material progress of our country.

Those of you who hold bonds which mature on September 15 will, I profoundly hope, convert and not call for the cash. Your own circumstances may compel you to do so. But if they do not, please realise that the money to redeem unconverted bonds comes to a real extent from revenue, i.e. from taxation.

We are offering the usual variety of bonds and inscribed stock. In addition, Special Bonds - Series B - will remain on issue until further notice.

I make a special mention of the Special Bonds. They show an attractive rate of interest. They permit the smaller investor, should he need it, to realise his holdings without loss before maturity. They give a bonus to anyone who holds his bonds until October 1962, and this bonus increases until the bonds mature in 1966. The rate of interest increases in stages from 4 per cent. in the earlier years to 5 per cent. over the last three years. Special Bonds have in the past proved most popular.

And now a word more to the holders of maturing bonds and stock. We place the greatest importance on your converting to the new securities. £195m. of 3 1/8 per cent. and 3 1/4 per cent securities mature on 15th September. That amount is little short of the entire borrowing programme for Commonwealth and State works and housing approved for this year. You can see what a problem the Governments of the Commonwealth and States will face unless most of you convert. The new securities carry much higher rates of interest than those you now hold.

In the new loan there will be interest at 4 per cent. for 1962 securities, 4 3/4 per cent. for 1968 securities or 5 per cent. for 1979 securities. Or you can subscribe or convert to Special Bonds. Interest on all of these securities carries a 2/- in the £ income tax rebate.

You are thus being offered a sound investment and at the same time an opportunity to advance our country.

CANBERRA, A.C.T.
September 7, 1959.