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NEW COMMONWEALTH CASH AND CONVERSION LOAN
Statement by the Prime Minister, Sir Robert Menzies

A new Commonwealth cash and conversion loan will open for subscription on Thursday, October 10.

Announcing this today, the Prime Minister and Chairman of the Australian Loan Council (Sir Robert Menzies) said that the target for the cash loan will be £60 million. The securities to be offered in both the cash and conversion loans will have the same interest rates and maturity dates as those offered in the July 1963 cash loan but, in line with the slight fall in yields which has occurred on the market since then, the prices at which the securities will be issued will be slightly higher than in July.

The three securities which will be offered in the cash and conversion loans are as follows:-

4½ per cent July 1986 securities issued at par.

4¼ per cent October 1973 securities issued at £99/12/6 to yield approximately £4.5.11 per cent.

3¾ per cent July 1966 securities issued at £99/17/6 to yield approximately £3.16.0 per cent.

Sir Robert noted that the last occasion on which long-term securities had been issued in a Commonwealth loan with a yield of £4/10/0 per cent was in the November 1955 cash and conversion loan. He recalled that the 1986, 1973 and 1966 securities offered yields of £4/11/1 per cent, £4/7/5 per cent, and £3/17/8 per cent respectively when they were issued in the July 1963 cash loan. Subscriptions to that loan totalled £74.5 million.

In the case of the July cash loan, the Loan Council adopted an experiment whereby the loan remained open for eight days only. As this arrangement proved successful, and did not appear to cause any inconvenience to investors, it will be continued for the new cash loan, which will close on Thursday,

October 17. The conversion loan will open on Tuesday,
October 15.

Special Bonds - Series I, which came on issue on May 16 last, will continue to be available for subscription until further notice.

Sir Robert invited holders of £144.3 million $3\frac{1}{8}$ per cent securities maturing on October 15 to convert their investments into the new loan securities or into Special Bonds - Series I. The maturing securities were offered for subscription in 1949, and are widely held throughout the community.

The minimum subscription to the Commonwealth loan and to Special Bonds - Series I will be £10, and there will be, as before, a limit of £10,000 on overall holdings by any person or institution of Special Bonds - Series A-I combined.

The usual income tax rebate of 2/- in the £ will apply to interest from the new loan securities and from Special Bonds - Series I included in taxable income. These and other detailed terms and conditions for the new loan are set out fully in prospectuses which are now being circulated to all banks and stockbrokers, and will also be explained further in newspaper advertisements.

Canberra, A.C.T.
1st October, 1963.