



STATEMENT BY THE PRIME MINISTER, THE RT. HON.
J. G. GORTON IN THE HOUSE OF REPRESENTATIVES,
CANBERRA

19TH SEPTEMBER 1968

AUSTRALIAN LOAN IN GERMANY

The Commonwealth Treasurer, Mr McMahon, today completed a successful round of negotiations and signed a loan agreement in Frankfurt, Germany, with the Deutsche Bank for the issue of DM 200 million (\$44.6 million) Commonwealth securities maturing in 1974. The Deutsche Bank will arrange for the private placement of the securities with financial institutions.

The terms and conditions of the loan were settled with the approval of the Australian Loan Council. The securities will have an interest coupon of 6.25 per cent, and will be issued at 99.5 per cent to give a yield to maturity of 6.35 per cent. The net proceeds of the loan will be paid to the Commonwealth on 30 September. The foreign currency proceeds will be added to Australia's international reserves and the Australian currency equivalent will be applied to the Commonwealth Government's share of the 1968-69 works and housing programme approved by the Australian Loan Council.

The Commonwealth has not previously borrowed for works and housing programmes for periods of less than ten years. However, with the public loan markets in New York and London effectively closed to Australia because of high borrowing costs, the amount that could be obtained through long-term loans is limited and advantage has been taken of the availability of medium-term finance in Europe. This will add usefully to our overseas loan raisings this year. The Government regards this as a highly successful outcome which reflects great credit on Australia's status as a borrower in the European market.

The Commonwealth has previously raised two public loans in Germany, each for DM 100 million (\$22.3 million), in October 1967 and July 1968, through underwriting syndicates led by the Deutsche Bank. In addition a loan of DM 16.8 million (\$3.8 million) was arranged with the Deutsche Bank in February last for Trans-Australia Airlines.
