

## COMMONWEALTH DEBT CONVERSION.

### No. 18 of 1931.

An Act to provide for the Conversion of the Internal Public Debts of the Commonwealth and the States, and for other purposes.

[Assented to 6th August, 1931.]

**W**HEREAS at a Conference between Ministers of the Commonwealth and Ministers of the States, convened in Melbourne on the twenty-fifth day of May One thousand nine hundred and thirty-one, to devise measures for meeting the grave financial emergency existing in Australia and thereby averting disastrous consequences, a plan was agreed upon for re-establishing the financial stability of the Commonwealth and restoring industrial and general prosperity by means involving a common sacrifice, including amongst other things the conversion of the public debts of the Commonwealth and the States on the basis of a reduction of the interest payable : Preamble.

AND WHEREAS an agreement has been made between the Commonwealth and the States with respect to the said Conversion :

BE it therefore enacted by the King's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows :—

1. This Act may be cited as the *Commonwealth Debt Conversion Act* 1931. Short title.
2. This Act shall commence on a date to be fixed by Proclamation. Commencement.
3. In this Act, unless the contrary intention appears— Definitions.

“existing securities” means securities issued by a State, liability for which has been assumed by the Commonwealth under the Financial Agreement, and the interest on and principal of, which are payable in Australia, and securities issued by the Commonwealth the interest, on, and principal of, which are payable in Australia, but does not include War Savings Certificates and Peace Savings Certificates issued by the Commonwealth ;

“new securities” means Australian Consolidated Inscribed Stock and Australian Consolidated Treasury Bonds, and Treasury Bills, Debentures and other prescribed securities issued under this Act ;

“tax-free securities” means securities issued by a State before the first day of January One thousand nine hundred and twenty-four, the income from which has not before the commencement of this Act been assessed for Commonwealth Income Tax ;

“the Financial Agreement” means the agreement dated the twelfth day of December One thousand nine hundred and twenty-seven, between the Commonwealth and the States and set out in the Schedule to the *Financial Agreement Validation Act 1929* ;

“the Australian Loan Council” means the Australian Loan Council constituted in accordance with the Financial Agreement.

Creation of  
new securities.

4.—(1.) The Governor-General may, from time to time, by order, create stock called Australian Consolidated Inscribed Stock for issue in accordance with the provisions of this Act.

(2.) The Governor-General may authorize the Treasurer from time to time to make out Treasury Bonds called Australian Consolidated Treasury Bonds for issue in accordance with the provisions of this Act.

(3.) The Governor-General may authorize the Treasurer from time to time to make out Treasury Bills, Debentures and such other securities as are prescribed for issue in accordance with the provisions of this Act.

(4.) New securities may be issued—

- (a) for exchange, in accordance with the provisions of this Act, for existing securities ;
- (b) for borrowing money to pay off, repurchase or redeem any existing or new securities ; and
- (c) for borrowing money to pay any expenses of carrying this Act into effect.

Application of  
Commonwealth  
Acts.

5.—(1.) Subject to this Act, the provisions of the *Commonwealth Inscribed Stock Act 1911-1927*, with such modifications and adaptations as are prescribed, shall apply in relation to stock and bonds created or issued under this Act.

(2.) For the purposes of this Act, Treasury Bills, Debentures and such other securities issued under this Act as are prescribed shall be deemed to be bonds.

6.—(1.) The Governor-General may, under the provisions (subject to such modifications and adaptations as are prescribed) of the *Commonwealth Inscribed Stock Act 1911-1927*, borrow the moneys necessary for carrying this Act into effect.

Power to borrow money.

(2.) The principal moneys so borrowed, and the interest thereon, shall be a charge on the Consolidated Revenue Fund which is hereby appropriated accordingly.

(3.) Moneys borrowed under this Act shall be issued and applied only for the purposes of this Act.

7. The Governor-General may authorize the Treasurer to pay off, repurchase or redeem any existing or new securities or any part thereof.

Redemption of securities.

8.—(1.) The date from which the conversion of existing securities into new securities shall have effect shall be the thirty-first day of July One thousand nine hundred and thirty-one.

Date of conversion.

(2.) Interest on existing securities shall, up to and including that date, be paid at the existing rate applicable to those securities, and thereafter interest on the new securities issued in exchange therefor shall be paid at a reduced rate determined in accordance with the provisions of this Act.

9.—(1.) Every holder of existing securities of any amount may make application to the Treasurer for their conversion into new securities of an equivalent amount determined in accordance with the provisions of this Act.

Application for conversion.

(2.) Every application under this section shall identify the existing securities, and, where those securities are securities other than Commonwealth Government Inscribed Stock, shall be accompanied by the securities. Where the securities are held by a Bank or Savings Bank for safe custody, or as security, the receipt of the Bank or Savings Bank for the securities shall be forwarded with the application.

10. Where the holder of existing securities of any amount does not, within the time and in the manner provided by this Act, signify dissent from the conversion of those securities into new securities, the existing securities shall be deemed to be converted into new securities and the holder shall continue to receive the interest payable on the existing securities up to and including the thirty-first day of July One thousand nine hundred and thirty-one, and shall not receive any further interest on the existing securities, but shall, as from that date be entitled to receive, in exchange for the existing securities, new securities of an equivalent amount determined in accordance with the provisions of this Act.

Conversion of securities of holders who do not dissent.

Time within which dissent may be signified.

11. The time within which dissent from the conversion of any existing securities may be signified shall be—

- (a) twenty-one days after the commencement of this Act ; or
- (b) if the holder of the securities (or, where the holder of the securities is a trustee, any person whose consent would, but for this Act, be required for conversion) is, during the whole of the time between the passing and the commencement of this Act, absent from the Commonwealth—six weeks after the commencement of this Act ; or
- (c) in the case of any particular holder—such further time as the Treasurer may, on account of special circumstances, in his discretion allow.

Cases in which dissent is signified.

12.—(1.) The dissent of the holder of any existing securities from the conversion of those securities into new securities must be in writing identifying the securities to which the dissent applies, and addressed—

- (a) in the case of securities issued by the Commonwealth—to the Registrar of Incribed Stock at the Commonwealth Bank of Australia at Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart, Launceston, Rockhampton or Townsville ; and
- (b) in the case of securities issued by a State—to the Registrar of Stock or principal officer of the Treasury of the State concerned.

(2.) Where existing securities are lodged for safe custody or as security with a bank or savings bank, the document signifying dissent must, instead of being addressed to a Registrar or officer, be addressed by the holder to the bank or savings bank, and the bank or savings bank shall forthwith forward it to an appropriate Registrar or officer mentioned in the last preceding sub-section.

(3.) Where existing securities so lodged for safe custody or as security are not in the form of Incribed Stock and dissent in respect of those securities is signified in accordance with this Act, the securities shall be forthwith exchanged for Commonwealth Government Incribed Stock in the name of the bank or savings bank concerned, conforming with the conditions of the existing securities in respect of duration, redemption, rate of interest, and in all other respects ; and, until the securities have been so exchanged, no interest shall be payable thereon in respect of any period subsequent to the thirty-first day of July One thousand nine hundred and thirty-one.

(4.) Where existing securities, not so lodged for safe custody or as security, are not in the form of Incribed Stock, and dissent in respect of those securities is signified in accordance with this Act, those securities shall accompany the document signifying dissent and thereupon be exchanged for Commonwealth Government Incribed Stock conforming with the conditions of the existing securities in respect of duration, redemption, rate of interest and in all other respects ; and, until the securities have been so exchanged, no

interest shall be payable thereon in respect of any period subsequent to the thirty-first day of July One thousand nine hundred and thirty-one.

(5.) Commonwealth Government Inscribed Stock for which existing securities are exchanged under either of the last two preceding sub-sections, and Commonwealth Government Inscribed Stock in respect of which dissent is signified in accordance with this Act, shall not, except as prescribed, be exchangeable for Commonwealth bonds or any other form of Commonwealth security.

(6.) Commonwealth Government Inscribed Stock for which existing securities are exchanged under sub-section (3.) or sub-section (4.) of this section shall not be deemed to be new securities within the meaning of this Act.

13.—(1.) The equivalent amount of new securities to be exchanged for an amount of existing securities shall be based on a reduction of the interest rate on existing securities by twenty-two and one-half per centum, and shall where necessary be determined by actuarial calculation in the manner set out in the Schedule to this Act: Equivalent amount of new securities.

Provided that where the holder of existing securities bearing interest at the rate of three and three-quarters per centum per annum or less satisfies the Treasurer that he, or the person whose executor, administrator or trustee he is, acquired the securities before the fourth day of August One thousand nine hundred and fourteen, the rate of interest on conversion of such securities into new securities shall not be reduced below the rate of three per centum per annum.

(2.) Securities which have been issued with optional dates of redemption shall, for the purposes of calculations under this Act, be deemed to mature upon the latest date in respect of which the option of redemption of the securities may be exercised.

(3.) Securities which have been issued as interminable or redeemable on a specified date or thereafter, or on or after a date to be specified, shall, for the purposes of calculations under this Act, be deemed to be interminable.

14.—(1.) On the conversion of existing tax-free securities, the interest on the new securities issued in exchange therefor shall be free of Commonwealth and State Income Tax for the original period of duration of the existing securities. Tax-free securities.

(2.) For the purposes of the last preceding sub-section, the original period of duration shall—

- (a) in the case of securities which have been issued with optional dates of redemption—be deemed to expire upon the latest date in respect of which the option of redemption of the securities may be exercised; and
- (b) in the case of securities which have been issued as redeemable on a specified date or thereafter, or on or after a date to be specified—be deemed to expire on the date upon which they are redeemed.

(3.) In the first sub-section of this section "Income Tax" includes any tax imposed in respect of income.

(4.) New securities issued in exchange for tax-free securities shall conform with the conditions of the existing securities in respect of duration, redemption and date of payment of interest :

Provided that new securities issued in exchange for existing tax-free securities maturing on or before the thirty-first day of December One thousand nine hundred and thirty-four, shall mature upon the original date of maturity of the existing securities and upon that date shall be reconverted into new securities at par and bearing interest at four per centum per annum, maturing on the fifteenth day of November One thousand nine hundred and forty-one, and the interest thereon shall be subject to Commonwealth taxation to the same extent as the new securities (other than securities free from Commonwealth and State Income Tax) referred to in section twenty of this Act.

(5.) New securities issued in accordance with the provisions of the last preceding sub-section (other than new securities bearing interest at four per centum per annum) shall be issued only in the form of Inscribed Stock and shall not be exchangeable for Commonwealth bonds or any other form of Commonwealth security.

(6.) Notwithstanding anything contained in this section the holder of tax-free securities may elect to convert such securities into new securities of the kind referred to in sections eighteen, nineteen and twenty of this Act.

Maturity  
of Savings  
Bank  
holdings.

15.—(1.) New securities issued in exchange for existing securities held by a Savings Bank shall mature upon the original date of maturity of the existing securities if the Treasurer of the Commonwealth and the Treasurer of the State concerned and the Savings Bank so agree, but otherwise shall be subject to the provisions of this Act.

(2.) A Savings Bank in this section means any of the following institutions, namely :—The Commonwealth Savings Bank of Australia, the Government Savings Bank of New South Wales, the State Savings Bank of Victoria, the Savings Bank of South Australia, the State Savings Bank of Western Australia, the Hobart Savings Bank and the Bank for Savings, Launceston.

Securities  
purchased with  
overseas trade  
money.

16. Where the holder of existing securities satisfies the Treasurer that, owing to exchange difficulties, the securities were purchased by him with overseas trade money as a short term investment, new securities in exchange for the existing securities may be issued to him redeemable on such date or dates as the Treasurer approves, but otherwise conforming with the provisions of this Act.

Conditions of  
Treasury  
Bills held  
by Banks.

17.—(1.) Securities issued to a Bank in Australia in exchange for Commonwealth Treasury Bills existing at the commencement of this Act shall be discounted at the rate of four per centum per annum and shall be subject to such other conditions as the Australian Loan Council determines.

(2.) The other provisions of this Act relating to the conversion of existing securities shall not apply to such Bills.

18.—(1.) In the case of all existing securities, other than those mentioned in sections fourteen to sixteen inclusive of this Act, which are converted into new securities, the rate of interest payable on the new securities shall be—

*Rates of  
interest  
on new  
securities.*

- (a) four per centum per annum on securities issued in exchange for existing securities bearing interest at more than five per centum per annum ;
- (b) three and seven-eighths per centum per annum on securities issued in exchange for existing securities bearing interest at five per centum per annum :

Provided that, if the holder of the existing securities so requests, new securities bearing interest at four per centum per annum may be issued for an amount below par determined in accordance with the provisions of this Act ; and

- (c) three per centum per annum on securities issued in exchange for existing securities bearing interest at less than five per centum per annum :

Provided that, if the holder of the existing securities so requests, new securities bearing interest at four per centum per annum may be issued for an amount below par determined in accordance with the provisions of this Act.

(2.) In the case of existing securities mentioned in sections fourteen to sixteen inclusive of this Act, which are converted into new securities, the rate of interest shall, except where otherwise provided, be reduced by twenty-two and one-half per centum.

19.—(1.) Except as otherwise provided in this Act, new securities shall be redeemable at par as follows :—

*Currency  
of new  
securities.*

- (a) securities bearing interest at four per centum per annum shall be redeemable either on—
  - the fifteenth day of December One thousand nine hundred and thirty-eight ; or
  - the fifteenth day of November One thousand nine hundred and forty-one ; or
  - the fifteenth day of October One thousand nine hundred and forty-four ; or
  - the fifteenth day of September One thousand nine hundred and forty-seven ; or
  - the fifteenth day of August One thousand nine hundred and fifty ; or
  - the fifteenth day of July One thousand nine hundred and fifty-three ; or

the fifteenth day of December One thousand nine hundred and fifty-five ; or  
 the fifteenth day of November One thousand nine hundred and fifty-seven ; or  
 the fifteenth day of October One thousand nine hundred and fifty-nine ; or  
 the fifteenth day of September One thousand nine hundred and sixty-one :

Provided that the Treasurer shall have the right to redeem in whole or in part at any time after the thirty-first day of December One thousand nine hundred and fifty such new securities as are expressed to be redeemable after that date ;

- (b) securities bearing interest at the rate of three and seven-eighths per centum per annum shall be redeemable on the fifteenth day of September One thousand nine hundred and forty-seven ;
- (c) securities bearing interest at the rate of three per centum per annum shall be redeemable on the fifteenth day of December One thousand nine hundred and thirty-eight, or the fifteenth day of October One thousand nine hundred and forty-four.

(2.) For the purposes of paragraphs (a) and (c) of the last preceding sub-section, the amount of new securities issued in exchange to any holder for any amount of existing securities shall, subject to the following provisions of this section, as nearly as practicable be allotted equally among the several dates of maturity :

Provided that, in the case of the conversion by any one holder of any amount of existing securities not exceeding One thousand pounds or on the conversion of securities held by trustees, the Treasurer may approve of the issue of securities being allotted over a less number of maturity dates :

Provided also that in special circumstances the Treasurer may, with the consent of the Australian Loan Council, vary the mode of allotment.

Interest on  
new securities  
to be free  
from further  
taxation.

20.—(1.) Notwithstanding anything contained in the *Taxation of Loans Act* 1923 or in any other Act or State Act, the interest derived by any person in any financial year from new securities exchanged for existing securities (other than interest which in accordance with the provisions of section fourteen of this Act is free from Commonwealth and State Income Tax) shall be free—

- (a) from any income tax payable under a law of the Commonwealth to the extent by which the total amount of income tax which but for this section would be payable in respect of that interest exceeds the amount of income tax which



would have been payable in respect of that interest if income tax had been imposed upon the taxable income of the person in that year in accordance with the provisions of the *Income Tax Acts 1930* (other than section seven A of that Act); and

(b) from all income tax under the law of a State.

(2.) In determining, for the purposes of this section, the amount of income tax which would be payable in respect of interest to which this section applies, the rate of tax shall be applied to the whole amount of that interest included in the income of the taxpayer without any deduction except such part (if any) of the deductions allowable from the income of the taxpayer derived from property as, in the opinion of the Commissioner of Taxation, is properly attributable to the interest.

(3.) In this section "income tax" includes any tax imposed in respect of income.

21.—(1.) Interest accrued up to and including the thirty-first day of July One thousand nine hundred and thirty-one on existing securities which are converted into new securities in accordance with the provisions of this Act shall be calculated at the rate per centum per annum applicable to the existing securities and shall on the date when, but for this Act, the next interest would have been payable upon such securities, become payable to the person who is the holder of such securities at the date of the commencement of this Act :

Payment of  
interest on  
existing and  
new securities.

Provided that where such interest would, in accordance with the provisions of this sub-section, become payable on the fifteenth day of August One thousand nine hundred and thirty-one it may be paid within one calendar month thereafter.

(2.) Interest on new securities issued in accordance with the provisions of this Act shall be payable half-yearly on dates corresponding with the respective dates upon which the new securities are redeemable.

(3.) Interest on such new securities, from and including the first day of August One thousand nine hundred and thirty-one up to the first half-yearly interest date as defined in the last preceding sub-section, shall be payable on that half-yearly date and thenceforward interest shall be payable half-yearly up to the date of redemption of the respective securities :

Provided that, in the case of new securities redeemable on the fifteenth day of August One thousand nine hundred and fifty, the interest for the period from the first day of August One thousand nine hundred and thirty-one to the fifteenth day of August One thousand nine hundred and thirty-one shall be payable on the fifteenth day of February One thousand nine hundred and thirty-two together with the half-year's interest due on the last-mentioned date.

Fractions  
of £10.

22. Where the conversion of existing securities into new securities would result in the issue of an amount of new securities not being a multiple of Ten pounds, any fraction of Ten pounds may be paid off in cash :

Provided that the holder may, in lieu of receiving cash, contribute the further amount of cash required to make up a higher multiple of Ten pounds.

Peace Savings  
Certificates to  
be continued  
but at a reduced  
rate of interest.

23. Notwithstanding anything contained in this Act, Peace Savings Certificates issued by the Commonwealth shall be continued on the same conditions as heretofore :

Provided that the rate of interest payable on such Certificates shall be reduced from five per centum per annum to three and seven-eighths per centum per annum from and including the first day of February One thousand nine hundred and thirty-two.

Acceptance  
of securities  
in payment  
of estate  
duties.

24. New securities bearing interest at the rate of four per centum or three and seven-eighths per centum per annum, and having fixed dates of maturity, shall be accepted by the Commonwealth at par in payment of Commonwealth Estate Duty.

Authority to  
trustees to  
convert certain  
securities.

25.—(1.) Notwithstanding anything to the contrary contained in any law in force in the Commonwealth or in any part of the Commonwealth, or in any Territory under the authority of the Commonwealth, every trustee in the Commonwealth or in any such Territory is hereby expressly authorized and empowered to convert, or to withhold signification of dissent from the conversion of, any existing securities into new securities.

(2.) No action, suit or other proceeding shall be commenced, prosecuted or maintained against any trustee upon the ground of any action taken by such trustee to convert any such existing securities or upon the failure by such trustee to signify dissent pursuant to this Act.

(3.) For the purposes of this section, "trustee" means any person or company appointed by act of parties or by operation of law or authorized by or under any law in force in the part of the Commonwealth or in the Territory in respect of which the expression is used to act as trustee in that part or Territory, and includes—

- (a) any director of, and any member of the council of management or governing body of, and any person charged either alone or with others with the management or government of, and any liquidator of, any such company as aforesaid or any other company ; and
- (b) any person or company acting in any fiduciary capacity whatever.

(4.) This section shall not be construed as affecting the validity of any State Act (whether passed before or after the commencement of this Act) which authorizes or empowers trustees to convert, or to

withhold signification of dissent from the conversion of, any existing securities into new securities, and which is not in terms inconsistent with the provisions of this section.

26.—(1.) Registers of stock shall, from the commencement of this Act until the expiration of six weeks thereafter or until such earlier date as is specified by the Treasurer, be closed as regards all transactions in respect of stock, other than transactions required for the purposes of this Act.

Closing of  
Registers.

(2.) In this section, "stock" means any stock issued by the Government of the Commonwealth or of a State.

27.—(1.) The Governor-General may make regulations, not inconsistent with this Act, prescribing all matters which by this Act are required or permitted to be prescribed, or which are necessary or convenient to be prescribed, for carrying out or giving effect to this Act.

Power to make  
regulations.

(2.) Where in any session of the Parliament either House of the Parliament disallows a regulation made in pursuance of this section, any regulation made in that session and the same in substance as the regulation so disallowed shall be void and of no effect.

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## THE SCHEDULE.

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### METHOD OF DETERMINING THE ACTUARIAL EQUIVALENT OF NEW SECURITIES TO BE ISSUED IN LIEU OF EXISTING SECURITIES.

- (1.) All actuarial calculations made hereunder shall be on an interest basis of four per centum per annum with half-yearly rests.
- (2.) The period yet to elapse between the date of conversion as is fixed by this Act, namely, the thirty-first day of July One thousand nine hundred and thirty-one and the date of maturity of an existing security shall be calculated in a whole number of half-years and for a broken period (if any) in calendar months in excess of such whole number of half-years.  
If such broken period in calendar months amounts to three calendar months or more then for purposes of calculation hereunder such broken period shall be deemed to equal a full half-year and the period yet to elapse shall be increased accordingly.  
If such broken period in calendar months is less than three calendar months then for the purposes of calculation hereunder such broken period shall be ignored.
- (3.) The rate of interest on existing securities shall be deemed to be reduced in accordance with the provisions of sub-section (1.) of section thirteen of this Act and the provisions of sub-sections (2.) and (3.) of that section shall also be applied where necessary.

*N.B.*—For convenience in calculation the effect of the twenty-two and one-half per centum reduction in interest rates is set out in Table I. appended hereto.

- (4.) From the reduced rate of interest on an existing security determined in accordance with sub-section (1.) of section thirteen of this Act, there shall be deducted the rate of interest applicable to the new security (four per centum or three per centum, as the case may be) and the balance (plus or minus) shall be multiplied by the appropriate factor having regard to the number of half-years yet to elapse before the maturity date of the existing security as determined in accordance with Clause (2.) of this Schedule.

The result of such multiplication shall determine, in respect of each £100 of existing securities—

- (a) if plus—the amount of additional principal above par for which the new security shall be issued; or  
 (b) if minus—the reduced amount of principal below par for which the new security shall be issued.

*N.B.*—The appropriate factors for certain cases are set out in table II.

- (5.) When the calculations in respect of the various holdings of securities of any individual holder have been made in accordance with the provisions of this Schedule, the total amount of new securities to be issued to such holder shall be computed and such new securities shall then be issued with various maturity dates, in accordance with the provisions of section nineteen of this Act.
- (6.) Where the rate of interest on an existing security is five per centum per annum the rate of interest as reduced shall be three and seven-eighths per centum per annum and the new security may be issued at such reduced rate at par (*vide* section 18 (1.) (b) of this Act).

#### EXAMPLES OF WORKING.

*Existing 6 per cent. securities due 15th November, 1938.*

Interest rate as reduced falls to 4.65 per cent. (£4 13s. 0d. per cent.).

Deducting conversion rate of 4 per cent. from 4.65 per cent. gives .65 per cent. (plus).

Period to elapse from conversion date to maturity of securities is 7 years 3½ months which is deemed to be 7½ years (or 15 half-years).

Factor in Table II. for 7½ years is 6.42463—  
 6.42463 x .65 gives 4.1760095.

That is for each £100 of existing 6 per cent. securities the equivalent amount of new 4 per cent. securities will be £104.1760095 (approximately £104 3s. 6d.).

For £100,000 of existing 6 per cent. securities the equivalent amount of new 4 per cent. securities will be £104,176.

*Existing 4 per cent. securities due 15th May, 1940.*

Interest rate as reduced falls to 3.1 per cent. (£3 2s. 0d. per cent.).

Period to elapse from conversion date to maturity date is 8 years 9½ months, which is deemed to be 9 years.

Factor in Table II. for 9 years is 7.49602.

If converted into new 3 per cent. securities—

Difference between 3.1 per cent. and 3 per cent. is .1 per cent. (plus)  
 .1 x 7.49602 equals .749602.

For each £100 of existing 4 per cent. securities the equivalent amount of new 3 per cent. securities will be £100.749602 (approximately £100 15s. 0d.).

If converted into new 4 per cent. securities—

Difference between 3.1 per cent. and 4 per cent. is .9 per cent. (minus)  
 .9 x 7.49602 equals 6.746418.

£100 minus 6.746418 equals 93.253582.

For each £100 of existing 4 per cent. securities the equivalent amount of new 4 per cent. securities will be £93.253582 (approximately £93 5s. 1d.).

## THE SCHEDULE—continued.

TABLE I.

Showing the effect of 22½ per cent. reduction in Interest Rates.

Nominal rate of Interest.	Reduction of 22½ per cent. on nominal rate of interest.	New rate of interest after reduction by 22½ per cent.	Approximate amount of new rate of interest expressed in pounds, shillings and pence.
6½ per cent. .. ..	1.4625	5.0375	£ 5 0 9
6¼ per cent. .. ..	1.40625	4.84375	4 16 11
6 per cent. .. ..	1.350	4.650	4 13 0
5¾ per cent. .. ..	1.29375	4.45625	4 9 1
5½ per cent. .. ..	1.2375	4.2625	4 5 3
5¼ per cent. .. ..	1.18125	4.06875	4 1 4
5 per cent. .. ..	1.125	3.875	3 17 6
4¾ per cent. .. ..	1.06875	3.68125	3 13 8
4½ per cent. .. ..	1.0125	3.4875	3 9 9
4¼ per cent. .. ..	.95625	3.29375	3 5 11
4 per cent. .. ..	.900	3.100	3 2 0
3¾ per cent. .. ..	.84375	2.90625	2 18 1
3½ per cent. .. ..	.7875	2.7125	2 14 3
3¼ per cent. .. ..	.73125	2.51875	2 10 4
3 per cent. .. ..	.675	2.325	2 6 6

TABLE II.

Factor for discounting future half-yearly interest payments.

Factor to be multiplied by amount of difference in annual interest (i.e., the difference between the rate of interest on existing securities as reduced and the nominal rate of interest on the new securities, 4 per cent. or 3 per cent. as case may be).

Period to elapse to maturity of existing Security.		Factor.	Period to elapse to maturity of existing Security.		Factor.
Half-Years.	Years.		Half-Years.	Years.	
1	½	.49020	31	15½	11.46885
2	1	.97078	32	16	11.73417
3	1½	1.44194	33	16½	11.99428
4	2	1.90386	34	17	12.24930
5	2½	2.35673	35	17½	12.49931
6	3	2.80072	36	18	12.74442
7	3½	3.23600	37	18½	12.98473
8	4	3.66274	38	19	13.22032
9	4½	4.08112	39	19½	13.45129
10	5	4.49129	40	20	13.67774
11	5½	4.89342	41	20½	13.89974
12	6	5.28767	42	21	14.11740
13	6½	5.67419	43	21½	14.33078
14	7	6.05312	44	22	14.53998
15	7½	6.42463	45	22½	14.74508
16	8	6.78885	46	23	14.94616
17	8½	7.14594	47	23½	15.14329
18	9	7.49602	48	24	15.33656
19	9½	7.83923	49	24½	15.52604
20	10	8.17572	50	25	15.71180
21	10½	8.50580	51	25½	15.89392
22	11	8.82902	52	26	16.07247
23	11½	9.14610	53	26½	16.24752
24	12	9.45396	54	27	16.41914
25	12½	9.75173	55	27½	16.58739
26	13	10.04052	56	28	16.75235
27	13½	10.32345	57	28½	16.91407
28	14	10.60064	58	29	17.07231
29	14½	10.87219	59	29½	17.22805
30	15	11.13823	60	30	17.38044

For securities deemed to be interminable the factor is 25.0.