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Title:

Press release: State Bank interest rates

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PRESS RELEASE FROM THE PREMIER, MR. DUNSTAN,
STATE BANK INTEREST RATES 20/3/75

The Premier and Treasurer, Mr. Dunstan, announced today that the State Bank had decided that it would, as from the beginning of April, reduce most interest rates on Long Term Loans under the State Bank Act and on overdrafts not exceeding \$50,000 by ½% per annum.

Rates on overdrafts exceeding \$50,000 would continue to be determined having regard to the specific circumstance of each case.

Rates paid by the Bank on fixed deposits of amounts less than \$50,000 have been reduced broadly in line with those of other Banks which have adopted lower interest levels.

For the present these will be 8% for deposits of three months and less than six months, 8½% for six months and less than two years and 9% for two years to four years.

For housing loans Mr. Dunstan pointed out that the State Bank was currently lending funds provided by the Commonwealth under the Home Builders' Account at fixed interest rates permitting the granting of concessional lending rates of 5½% and 6.3/4% per annum.

These lending rates were not increased in recent years as other bank lending rates have been increased and consequently it will not be possible to reduce them now.

There are income and other eligibility tests applied to these concessional interest loans for which there are long waiting lists, and rather more than \$40,000,000 is expected to be lent under these arrangements over the year to 30th June next.

Mr. Dunstan also announced that he had arranged with the State Bank for the provision of \$2,750,000 of special funds to relieve a portion of the present heavy build-up of its housing loan applications from persons of modest means but who could not quite satisfy the statutory income test for participation in new Commonwealth Home Builders' Account provisions.

These loans are being made at 6.3/4% per annum and the special funds will be for new houses and restricted to persons who have not previously had Government assistance toward housing. For applicants registered with the Bank from 11th November, 1974, an income test is applied which is 20% above the statutory income test applicable for new Commonwealth moneys under the Home Builders' Account.

At present this means a limitation to incomes within \$167.50 a week.

Mr. Dunstan said that even with this special allocation of funds he would expect the waiting time for a loan for this group of people for new houses, which was now in excess of eighteen months, could still be twelve months or so.

For this reason he regretted that the present maximum loan of \$15,000 must continue to apply, notwithstanding that those who satisfied the statutory income test for participation in new Commonwealth funds can now borrow up to \$18,000.

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