



Media Release

Commonwealth Government Securities - Interest Withholding Tax Exemption

21 August 2009

The Australian Financial Markets Association (AFMA) has welcomed the announcement by the Treasurer today that the Government will legislate to remove interest withholding tax on Commonwealth Government Securities (CGS).

AFMA's Executive Director, Duncan Fairweather, stated:

"Interest withholding tax introduces an undesirable element of friction to the flow of funds through the financial markets and it makes Australian government debt less attractive to some foreign investors. In this regard, the Government's decision will improve the efficiency of the market and it will assist the Government to meet its increased financing needs in a cost effective manner."

The GGS market performs a number of important roles in a modern financial system, including setting the risk-free benchmark curve for pricing other debt securities and supporting the provision of efficient risk management instruments, amongst other things.

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Notes for Editors:

Australian Financial Markets Association (AFMA):

The Australian Financial Markets Association is the peak industry association for Australia's wholesale banking and financial markets. These markets play a pivotal role in the Australian economy by making it possible for Australian financial institutions and companies to conduct business with each other and with their counterparts overseas.

AFMA represents industry participants in the wholesale banking and financial markets, including Australian and foreign banks, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.