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MINISTRY PAPER NO. 31

Winding up of National Savings Bonds
Scheme

The attention of this Honourable House is invited to the provisions of the Loans (National Development Bonds) Act, 1968, authorising the issue of interest-bearing bonds (designated "National Development Bonds"). Sale of these bonds commenced on the 1st April, 1968, and up to the 6th of July, 1968, a total of £353,000 worth of bonds have been sold.

2. It may be recalled that on the 26th of July, 1962, the House by an affirmative resolution, as required under Section 9(3) of the Loans (National Savings Bonds) Law, No. 3 of 1962, approved the Loans (National Savings Bonds) Regulations, 1962. This inaugurated the National Savings Bonds Scheme which has been based not in the paying of interest to individuals in respect of the holdings of these Bonds but in the distribution of prizes in denominations ranging from £1,000 to £10 at monthly draws. A Prize Fund calculated on the basis of 5% per annum on the total bonds outstanding for a period of over three months has been distributable to the holders of these bonds at these monthly draws.

3. So as to promote the sale of these bonds a National Savings Committee was also inaugurated on the 10th of December, 1962, and in keeping with its terms of reference, the Committee has worked assiduously to encourage as wide a public participation as possible in the Scheme, but the results have not been as successful as one would have hoped. In the five and a half years of the Scheme, gross sales of bonds have totalled the modest figure of £1.5 million. In addition, approximately £.9 million of the bonds sold have been encashed, the net result being that since the inception of the Scheme, just about £½ million of bonds are now outstanding.

4. In addition, the administrative costs of the Scheme have been out of proportion to the net returns accruing from the sale of savings bonds. For example, for the financial year 1967/68, a total of £38,000 was spent for a net intake of £52,356 worth of bonds. An analysis of all the years from the commencement of the Scheme has revealed that the earnings of the net proceeds of these bonds have always been at a high cost to Government.

5. I, therefore, consider that with the advent of the National Development Bonds Scheme, the time is now ripe to wind up the National Savings Bonds Scheme. It must be pointed out that an offer of converting holdings of savings bonds purchased prior to 1st April, 1968, into National Development Bonds has been made and lasts until the 31st of July, 1968, and persons so converting may hold these new bonds in addition

to the maximum of £3,500 authorised under the Loans (National Development Bonds) Regulations, 1968. It is hoped that as many persons as possible will respond to this offer.

6. Under Regulation 10 of the Loans (National Savings Bonds) Regulations, 1962, I am authorised to wind up the Scheme by giving six months' notice of intention to do so via publication in the Jamaica Gazette. Accordingly, I propose that the six months' notice should become effective on the 1st of August, 1968, and this opportunity is taken to announce that no drawing of prizes under the National Savings Bonds Scheme will take place as from the end of January, 1969.

EDWARD SEAGA
Minister of Finance and Planning
July 16, 1968.