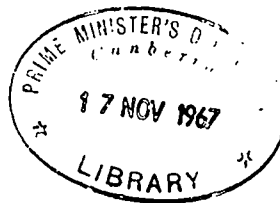


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FOR PRESS:



PM. No. 12C/1967

DROUGHT ASSISTANCE FOR SOUTH AUSTRALIA

Following is the text of a telegram which was sent today by the Prime Minister, Mr Harold Holt, to the Premier of South Australia, Mr Donald Dunstan:-

"In your letters of 1st and 8th November about drought assistance arrangements, you told me of your plans regarding the rate of interest which your State intends to charge on loans for carry-on, restocking etc.; you asked about the availability of the grants component of the Commonwealth funds to cover such local employment works as may be found necessary; and also for rebate on the cost of rail traffic needed to import oats from Western Australia for seed and essential feed purposes to be met out of drought relief grants from the Commonwealth.

I am pleased to advise that the proposed arrangements concerning interest to be charged by South Australia on loans are acceptable to the Commonwealth.

We are also willing to treat as eligible for grant assistance under drought assistance arrangements grants made by your Government to local authorities and government instrumentalities to provide necessary relief work in drought areas. Such grants should, of course, be limited to cases where the drought is clearly the cause of the unemployment.

The Commonwealth would also be prepared to provide reimbursement for rebates of up to 75 per cent. on proposed movement from Merredin to Port Adelaide of oats for seed and fodder."

CANBERRA,
15 November, 1967